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NEWS SUMMARY

GENERAL

Nurses to vote on strike demand

Nurses will tomorrow debate a call for immediate industrial action to strengthen their demands for a pay rise above the 14 per cent being offered.

The call comes from the Dundee branch of the Confederation of Health Service Employees, which is holding its annual conference in Blackpool. The Confederation's executive does not support the motion, but has instead tabled a resolution that its 130,000 members should be balloted on the offer. This could lead to industrial action being taken later.

Government Ministers will this week study a recommendation that senior civil servants' pay should be increased by about 20 per cent. Back Page

French protest over Marines

France has delivered a strong protest to Britain over the arrival of marines in the New Hebrides, where rebels have formed their own government on the island of Espiritu Santo.

Peter Blaker, Britain's Foreign Office Minister, said he was "mystified" by the complaint. Only a few days ago, he said, there was agreement that the two countries should send a joint force. France had sent Gendarmes.

Diplomat leaves

Musa Kousa, the Libyan diplomat ordered out of Britain, left London on a plane bound for Malta.

NF on march

Hundreds of police escorted more than 1,000 National Front supporters who march through central London demanding that Iranians and Libyans should be expelled from Britain.

Soweto tear gas

Police used tear gas to disperse 300 youths who gathered outside a church in the black township of Soweto, near Johannesburg, on the eve of the fourth anniversary of student riots there. Page 2

Soldiers quizzed

Twenty soldiers from the Royal Irish Rangers at Tidworth, Hampshire, were helping police inquiries into fighting on the streets of the garrison town. Eight other soldiers were in hospital.

Plane in sea

One man was missing after a light aircraft crashed into the North Sea six miles off Teesmouth. Three others were rescued by helicopter and flown to hospital, where one was suffering from hypothermia.

Reagan decides

U.S. Presidential contender Ronald Reagan has avoided a potentially damaging split within the Republican Party by retaining Bill Brock as its national chairman. Page 2

Fencer withdraws

Nicholas Bell, a doctor in Paris, has become the third member of Britain's Olympic fencing team to withdraw on "moral grounds." He was selected for the individual foil.

Piggott's day

Lester Piggott, on the English-trained horse Mrs. Penny, won the Prix de Diane, the French Oaks, at Chantilly. Dominic Wigan Page 10

Kidnap boy free

Kidnappers released a nine-year-old boy they snatched three months ago in northern Italy after his parents paid a ransom of about £850,000.

BUSINESS

UK hope for China N-plant orders

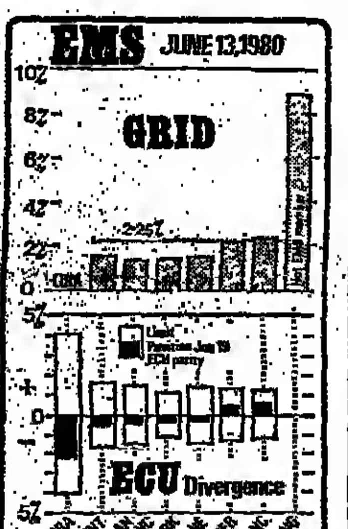
● BRITAIN will be well placed to win orders for China's first commercial nuclear power station if the project goes ahead. Initial results of a feasibility study on the plan are expected this autumn. Back Page

● OPEC surplus expected to be $120bn (£51.24bn) this year could be channelled to finance balance of payments deficits in the rest of the world, a U.S. Treasury official said. Page 2

● CHEMICAL industry leaders are to press for stronger action against petrochemical imports from the U.S. when they meet Industry Secretary Sir Keith Joseph this afternoon.

● *EUROPEAN* Monetary System members were grouped in a narrow range last week. The Italian lira was slightly below the other currencies, but remained well within the agreed limits of the system. The French franc was again the strongest currency.

Interest rates continued to fall in most European centres, encouraged by the cut in the U.S. Federal Reserve discount rate on Thursday.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● CHANGES in the presentation of public spending and tax proposals will be considered by the Government after the publication next month of a report recommending major reforms. Back Page

● FINANCIAL futures market could be operating in London by autumn next year if a City working party's plans go according to schedule. Page 4

● UK-REGISTERED listed banks will have to supply the Bank of England with greater detail about their lending exposure in every country from this month. Page 4

● *AEG - TELEFUNKEN*, the West German electrical and electronics group, is seeking to establish a direct foothold in the video-recorder market. Page 2

● BRITISH RAIL moves to improve productivity, particularly in rail freight, may be blocked by train drivers' union ASLEF's opposition to changes in conditions of service.

COMPANIES

● SAAB-SCANIA, the Swedish automotive group, *reports* pre-tax profits up 41 per cent to SKr 333m (£34.15m). Page 18

● DIAMOND International, the U.S. forest products company over which Sir James Goldsmith has been seeking control, has had 9.9 per cent of its shares bought by a mystery bidder. Page 18

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Callaghan is forced to compromise over election of leader

BY ELINOR GOODMAN, LOBBY STAFF

MR. JAMES CALLAGHAN, Labour Party leader, was forced to concede defeat yesterday on the main constitutional issues *facing* the party.

At the weekend meeting of Labour's commission of inquiry, Mr. Callagban had to accept the principle of an electoral college in order to prevent the adoption of a procedure for electing the party leader that would have favoured the Left still more strongly.

The precise form and powers of the electoral college was left vague, but almost any change from the present system, by which Labour MPs have the exclusive right to elect the leader, would he almost bound to favour the Left. Thus a candidate such as Mr. Denis Healey, the former Chancellor, would be less likely to be elected.

The commission also supported the Left's proposal that all sitting Labour MPs should submit to reselection *procedures.*

The Left did not, however, get its way on the manifesto, the third chief constitutional issue facing the party. Instead, a compromise was agreed on who should write this crucial document.

Left-wingers on the national executive committee are likely to try to overturn that before the report is pnt to the party's annual conference this autumn.

The whole report will have to be approved by the executive. It appeared yesterday that the Left, which dominates the NEC, would try to undermine the concessions that Mr. Callagban extracted from the commission.

Ultimately, however, all the decisions will rest with the party conference, where the votes of the big unions will again prove decisive. The fact that the five union representatives on the commission supported an electoral college will add to its weight.

The idea of a commission came originally from Right-wing trade union leaders trying to raverse last year's conference decision to adopt automatic reselection for MPs and to give the executive the final say in drafting the manifesto.

Moderates regard both issues, and that of who ahould have the right to vote for the party leader, as fnndamental of the future of the party, and have given warning that if the Left gets its way, it migbt split the party.

The commiasion was made up of six members of the executive, the five trade union representatives, Mr. Callaghan, and Mr. Michael Foot, his deputy. Mr. Callaghan's only hope of support for his belief in the atatus quo was to get the support of all the trade union representatives.

Mr. Callaghan began on Saturday by arguing against the idea of an electoral college. However, it soon became clear that he had no chance of carrying the necessary votes with him and that the unions favoured a form of electoral college.

Rather than risk the Left's winning with a proposal for a college that would have givan much more power to the Left-wing-dominated local constituency parties, Mr. Callaghan eventually voted for a proposition by Mr. Mosa Evans, Transport and General Workers' Union, which envisaged a wider college.

Half its members wonld he drawn from the Parliamentary Labour Party, a quarter from affiliated unions, only a fifth from the coostituency Labour Party and 5 per cent from other affiliated hodiea.

That was approved by seven votes to six, with Mr. Anthony Wedgwood Benn and other Left-wingers on the losing side.

Under the TGWU's motion, this college wonld "endorae" the contents of Labour's manifesto. For Mr. Callaghan, that was a considerable improvement on the Left's proposal, endorsed by last year's party conference, for giving the NEC the final say on the contents of the manifesto.

It waa clear last night, however, that great scope remained for arguing about the role of the college in relation to the manifesto.

A committee is to he set up to draft the procedures for electing the memhers of the college. It is likely to provide another battleground between

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Israel condemns European Middle East statement

BY L. DANIEL IN TEL AVIV

MR. MENAHEM BEGIN, the Israeli Prime Minister, yesterday roundly condemned the Middle East declaration adopted by the European Economic Community last week in which it nrged that the Palestine Liberation Organisation be included in future talks.

He compared it with Chamberlain's surrender in Mnnich prior to the Second World War.

The strongly worded condemnation was put before an increasingly divided Israeli Cabinet at its first session since the Venice EEC summit. The Cabinet session also signalled a potentially serious disagreement between Mr. Begin and Mr. Yigal Horowitz, his Finance Minister, over cuts in the defence budget.

Several ministers are believed to bave opposed the Prime Minister's draft statement.

Mr. Begin read out the Cabinet resolution after the session. It dubbed the PLO "the Arab SS" and said that "this murderous organisation" had resolved to liberate Palestine completely and to liquidate the Zionist entity politically, economically, militarily, culturally and ideologically."

Not since Mein Kampf, said Mr. Begin, have words more explicit been heard. This shonld make it clear to all the world, including Europe, that their aim waa the destruction of the Jewish State and nation.

Europe, he added, is ready to give guarantees for peace which would be negotiated with an organisation dedicated to the destruction of Israel. But the value of such guarantees was amply demonstrated by the fate of Czechoslovakia after the Sudetenland was severed from it

The Cabinet was also to have considered the pruning of the State hudget. Mr. Horowitz bad earlier met with Mr. Begin in the latter's capacity as acting Defence Miniater.

It is too early to say whether another major Cabinet crisis is in the making. But Mr. Horowitz, who walked out of yesterday's session after several hours of sterile argument over where and bow the defence budget should be cut, feels sacrifices must be made.

Editorial comment Page 12

Lonrho chief accuses Sir Hugh

BY JOHN MOORE

MR. TINY ROWLAND, Lonrbo chief executive has accused Sir Hugh Fraser, chairman of House of Fraser, of "broken promises" in a private letter sent to the stores chief.

Mr. Rowland's letter to Sir Hugh, marked "personal," and dated June 10, was dispatched after House of Fraser circulated its shareholders the previous week to reject Lourho's plans for increasing the Fraser final dividend by 5 0per cent to 6p.

House of Fraser, the department stores group which owns Harrods, is also resisting Lonrho's plans to increase the number of Lonrho directors on the Fraser board from two to six arguing that it is a form of "creeping control" of the gronp.

In his letter Mr. Rowand tells Sir Hugh: "You now say the dividend ahould be covered twice by historic earnings and at least covered by inflation-adjusted earnings." But, according to Mr. Rowland in his letter, Sir Hugh indicated "that a final minimum dividend of 7.35p would he paid. That is how this dispute has arisen."

Mr. Rowland says in his letter that he had no doubt about Sir Hugh's promise: "It was clear."

Mr. Rowland *claims* that it was Sir Hugb "who wanted additional directors from Lourho," which, with a 29.99 per cent ahareholding, is the largest ahareholder in House of Fraser.

"You have had dlacussiona with some of our people, Mr. Prentice, Mr. Robinson and Mr. Spicer in particular, telling them that you were going to propose them as memhers of your board and you have announced this intention at least to one hoard meeting."

He says: "They are no less competent today, when you aay you don't want them, than they were a few months ago when you said you did."

Mr. Rowland refers to "the opportunity we made for you" to acquire "a most valuable and substantial English company," understood to he National Car Parks. "You kept the detailed proposals to yourself for six weeks until the seller withdrew. It ia my view that millions have heen lost to House of Fraser."

The row hetween the two men ia expected to come to a head this Thursday when shareholders will be asked to vote on the Lonrho resolutions at the House of Fraser annual general meeting in Glasgow. Already a heated battle hetween the two groups has raged for the laat few weeks in a effort to gains the support of shareholders.

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ICL trading practices probed

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

ICL, the main British compnter manufacturer, is being investigated by the Office of Fair Trading for allegedly carrying out anti-competitive trading practices.

This preliminary investigation conld eventually lead to a formal inquiry by the Monopolies and Mergers Commission nnder the Government'a new Competition Act.

This enables the OFT to refer to the Commission for a *six-month investigation any* alleged anti-competitive practice carried out by an individual company.

The allegations of nnfair trading have been made by some small companies in the computer industry. They cover the supply and cost of ICL's peripheral computer equipment—such as extra terminals as well as problems over long-term maintenance contracts.

The OFT has taken the allegations aariously and has been discussing the complaints with ICL for several months in an attempt to persuade ICL to volnntarily amend its allegedly unfair trading practices.

ICL saya it has made a number of adjustments to its trading policies in response to *the complaints* and *expects to* be given the OFT's formal reaction to these concessions within the next two weeks.

However, within the computer industry, it is understood that ICL's concesalons are sufficient to prevent an immediate Monopolies Commission investigation uoder the Competition Act. It is also underatood that tbe OFT is *still* concerned about those areas of ita activties where ICL has made no concessions.

A formal reference to the Mooopolies Commission could, therefore, still he made later in the year. However, a formal investigation is likely to be fiercely opposed by the Department of Industry on the gronnda that it would bamper Britain's computer industry and help foreign competitors.

The Government'a policy of favonring ICL in its own procurement of computers is due to come to an end at the beginning of next year to comply with *EEC requirements.*

Thames TV Page 3

'Open skies' to Hong Kong

BY LYNTON McLAIN

THE GOVERNMENT ia about to announce a radical solution to the problem of whicb airline should compete against the British Airways monopoly on the lucrative London to Hong Kong route.

All current applicants — British Caledonian Airwaya, Cathay Pacific Airways and Laker Airwaya — should he given the chance to *start* services to Hong Kong, Mr. John Nott, Trade Secretary, is expected to announca shortly—possibly tomorrow.

Mr. Nott is a fervent advocate of free competition. But an "opeo skies" policy to tha extent suggested would almost certainly bring him on to a collisioo course with the Civil Aviation Anthority oven interpretation of the 1971 Civil Aviation Act.

The need for more competition on the London to Hong Kong route is accepted by the CAA. The Hong Kong Government told the CAA in evidence that the British Airways service was "inadequate." Regularity and *punctuality* bad been poor and "insufficient capacity" had been provided

Fare levels and standards of cabin service also attracted criticism.

The Hong Kong Air Transport Licensing Authority wanted more competition. But it accepted applications only from British Caledonian and Cathay Pacific, the local Hong Kong-based airline.

Laker's application to cater for the "bottom end of the market" was rejected.

In later applications to the Civil Aviation Authority only British Caledonian's case was accepted. It was granted an "unrestricted" licence, and before appeals were lodged by Laker and Cathy Pacific, it planned to start fonr flights a week from August 1.

Mr. Nott's impending decision overturns the rulings of the Hong Kong authority and the CAA, but it is the CAA wbich is likely to be most concerned about the reversals.

The CAA does not believe *the route can* profitably support four airlines.

Under the 1971 Civil Aviation Act, whicb provides tbe legal framework for CAA decisions, the authority hàa "to secure that British airlines provide air transport services which satisfy all substantial categories of public demand . . . ." It has to do this at the lowest fares consistent with safety and an "economic return to efficient operators."

RECORD ANTI-TRUST CASE RULING

Bell told to pay $1.8bn in damages

BY IAN HARGREAVES IN NEW YORK

THE American Telephone and Telegraph Company faces a $1.8bn (£765m) damages penalty following a decision on Saturday hy a Chicago jury that the company abused its monopoly power. This is believed to be the higgest-ever anti-trust damages award.

The jury ruled after a two-day deliberation and a four-month trial that American Telephone, known in the U.S. as the Bell System, bad illegally impeded the growth of a tiny Washington competitor, MCI Communications.

Bell was ordered to pay $600m in damages, an amount which under U.S. law is automatically trebled.

MCI, which had sales last year of under $150m compared with Bell's $45bn, hailed its victory as a triumph for competition in *the* U.S. communications industry.

Bell said it would appeal against the decision, and expressed confidence that thia would succeed.

Bell's appeal will go to the U.S. Court of Appeals. The process will take several months, after wbicb the loser in that ruling may well appeal further, possibly as far as the Supreme Court.

Though it is true that the legal fight is far from over, the jury's decision is a potentially huge blow to Bell at a time when it ia rapidly adjusting to the regime of more open competition which it is evident Congress wishes to see in the communications world.

On a strictly financial level the MCI victory will encourage about 40 other plaintiffs, including MCI in a separate suit in Washington, to pursue their grievances against the migbty Bell.

The ruling may also influence the speed and vigour with wbich the Department of Justice pursues its six-year investigation into Bell's market supremacy.

Perhaps most serious of all, it may encourage Congress to take even further the liberalisation of the commnnications regime on which it is now working.

Though this liberalisation promises to permit Bell to expand into sophisticated data transmission and satellite commnnications services, from which it is now barred, it will *also chip away further at Bell's* once complete monopoly in telepbone communications.

Bell knews that the spirit of de-regulation, which has been applied to airlines, hanks, road haulage and to soma extent railways, in the last four yeara, needs no stimulation on Capitol Hill.

The MCI case is a classic of a determined newcomer to an industry taking on the con*trolling* force and by a mixture of skill, persistence and aheer bloody-mindedness forcing the larger company to pay attention.

Formed 11 years ago, MCI specialises in providing long-distance telepbone aervices in the U.S. at a cost 30 to 60 per cent below thoae of the Bell network.

Using a microwave radio technology, in itself unremarkable, it hegan aelling first to businesses and more recently to consumers a aervice by which, dialling a few extra *digits*, the caller in effect books into MCI's private trunk network.

But when the caller connecta to one of MCI's 70 regional centres, MCI is dependent upon the Bell local network, which is still a monopoly, to make the final connection.

Ventures

The Federal Communications Commission, after long litigation and three Supreme Court hearings, decided in 1971 that Bell must supply these local hook-ups. But there bave been endless rows about the price and quality of Bell's service

MCI aays that in practice it was obstructed in a number of business ventures by a variety of means, from un-co-operativeness to hlunt refusal.

Bell says that MCI, which is one of about four companies, including the gian International Telephone and Telegraphs, now in the U.S. long-distance phone business, lied ahout its business plans and misled Bell about its intentions in the period in question, between *1971* and 1975.

Mr. John de Butts, chairman of Bell at the time of these problems, testified that he had been told by MCI's chairman in 1973 that MCI had decided to *satisfy its* shareholders with a lawsuit, as it could not provide an adequate return for them any other way.

That kind of accusation created an openly bitter atmosphere in the court. Bell's executives were described by MCI lawyers as "thugs," and MCI's intentions counterblasted as a "rip-off."

Background Page 2

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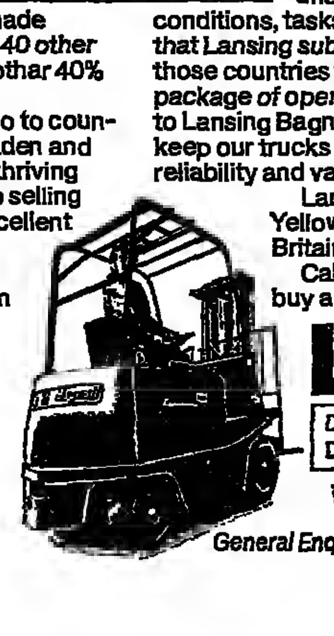

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Guy de Jonquieres report on the record damages award made against AT and T

U.S. business giant faces disorderly retreat

AMERICAN TELEPHONE and Telegraph, one of the giants of U.S. business, could be in danger of being thrust into disorderly retreat after the award of record damages against it.

Only last February, AT and T — Ma Bell as the company's vast telephone system is known to millions of Americans — agreed to consider purchasing up to $2bn worth of telephone switching equipment from International Telephone and Telegraph, which had sued it for alleged violation of anti-trust law.

The arrangement was a voluntary settlement, but it marked a significant breach of tradition. In the past, AT and T and its 23 operating subsidiaries have relied almost exclusively on the group's manufacturing subsidiary, Western Electric, to supply exchanges and other equipment. Though AT and T could still reject the products offered by ITT, it would have to pay penalties of up to $200m.

The damages decision in favour of MCI Communications, a small Washington-based company, could have even more important consequences, notably for the anti-trust case launched against AT and T by the Justice Department in 1974. After several years of elaborate preparations and pre-trial manoeuvring, this is due to come to trial in Washington D.C. in late October.

Subsidiaries

The stakes are high. The Government is seeking to prove that AT and T's relationships with its operating subsidiaries and its ownership of Western Electric are in conflict with anti-trust law. It wants to force AT and T to dispose of Western Electric (which on its own is number of 18 in Fortune's list of the 500 biggest U.S. companies) and possibly break the manufacturing subsidiary into several parts.

In addition, the Government is seeking to compel AT and T to sell off some of its operating subsidiaries. It also wants to divide in two AT and T's Long Lines division, which manages long-distance and international telephone links.

Until recently, the Justice Department had seemed almost hopelessly outgunned. It has a mere 13 lawyers on the case, compared with roughly 300 fielded by AT and T. With gross revenues of more than $45bn last year and net earnings nudging $6bn, the company can easily afford such legal resources.

According to Dr. Alan Pearce, a communications consultant in Washington: "There has been a feeling that the Justice Department was on a treadmill to oblivion." Morale in the department has been further depressed by recent speculation that Mr. Ronald Reagan would drop the case if elected President. "But now," says Dr. Pearce, "the Government has received a big shot in the arm."

Ann Blair, a member of the department's AT and T trial team, believes that the impact of the MCI decision could be more than just psychological. She claims that the decision supports some important legal principles which the Government has been seeking to establish in its own case and is optimistic that this view will be accepted by the court.

AT and T also has other, less powerful, challengers snapping at its heels. There are more than 40 other anti-trust cases pending against it, brought by private companies and industry associations. They are seeking damages running into billions of dollars which could be trebled if the courts were to find against AT and T.

Some of these cases, such as one brought by Southern Pacific Communications Corporation, are similar to that brought by MCI in that they seek damages for loss of business caused by AT and T's refusal to interconnect services offered by special carriers. Others, including one brought by Litton Industries, take issue with AT and T's refusal to purchase equipment from outside suppliers.

Litigation

The workings of the American legal system are so slow and intricate that it would be rash to expect rapid decisions on these cases: litigation could drag on for several more years. But ultimately AT and T clearly faces many risks, both in terms of the damages which it may be ordered to pay out and of the potential erosion of its virtual monopoly of the U.S. telephone network.

But not everything in the company's future is clouded. One development from which it stands to gain substantially is the decision by the Federal Communications Commission earlier this year to deregulate data communications services. The commission is seeking to open up a potentially vast new market for services such as electronic mail, electronic funds transfer and other types of computerised communications.

The FCC also moved to override an anti-trust consent decree between the Justice Department and AT and T, which barred the company from entering the data communications market. Though AT and T would have to operate in data communications through a separate arms-length subsidiary, many believe that it could prove a ferocious competitor.

The FCC decision has itself become mired in litigation. More than a dozen companies and industry associations, including AT and T, have challenged it in federal court. Some of the cases are intended to reverse the decision, while others seek merely to clarify its application.

No date has yet been set for court hearings on these cases.

Mr. P. W. Botha

Violence feared on Soweto anniversary

By Quentin Peel in Johannesburg

THERE WERE fears yesterday of a backlash among South African blacks against the banning of commemoration ceremonies on the fourth anniversary of the outbreak of the Soweto riots today.

Government spokesmen have warned of a tough response to any attempts to mark the occasion with strikes or rallies, in the wake of the simmering unrest in recent weeks in African, coloured (mixed race) and Indian communities.

But there were only sporadic incidents yesterday after the Government's announcement of a blanket ban on all attempts at meetings. The situation remained tense but quiet in the major black and coloured townships last night.

Leading black spokesmen attacked the ban as likely to lead to greater, rather than less, confrontation, following a warning of Mr. P. W. Botha, the Prime Minister, last week that it would be "a serious mistake to underestimate the Government's determination" to quell the unrest.

Bishop Desmond Tutu, general secretary of the South African Council of Churches, appealed to Mr. Alwyn Schlebusch, the Minister of Justice, to rescind the ban, saying it would not contribute to easing the volatile situation.

OPEC surplus 'manageable' says U.S. official

BY DAVID BUCHAN IN WASHINGTON

THE CHANNELLING of an expected $120bn surplus by oil-exporting countries this year to finance balance of payments deficits in the rest of the world is "clearly manageable," according to a senior U.S. Treasury official.

In a comprehensive U.S. statement on the recycling of the OPEC surplus, Mr. Fred Bergsten claims that private capital markets, plus new resources and commitments by the International Monetary Fund and World Bank, are quite capable of coping with a deficit of around $70bn for the industrialised countries and of $50bn for oil-importing developing countries.

In addition, "virtually all oil-importing countries, both industrialised and developing, appear to have learnad the hard lesson that they must make fundamental adjustments to a radically changed world energy balanca," according to a speech which the assistant Treasury Secretary for International Affairs is to deliver today to a business audiance in New Oreleans.

The Administration is sticking to its previous 1980 estimate of a $120bn OPEC surplus, despite the price agreed last week by some OPEC members at Algiers. In the overall OPEC surplus, the Algiers price rise is offset by substantially lower exports from Iran, it is believed here. However, the OPEC surplus could go higher if or when Saudi Arabia raises its prices later this year.

Mr. Bargsten's confidence on the recycling front is based primarily on the distribution of the oil deficits. Unlike 1975-76, nearly half the industrialised world's expected oil deficit is likely to be borne by its three strongest members: the U.S., Germany and Japan.

For the latter two, deficits are a novelty they can easily handle. The U.S. current account has see-sawed, from balance in 1979, to deficit in January-March this year. But it "has probably been in sizeable surplus for the last couple of months and will likely be in surplus for the whole of 1981," Mr. Bergsten claims.

Some dozen developing countries, such as Brazil, Korea and the Philippines, can get private finance, though because of new restraint policies, they will probably need to borrow less than in the past two years.

Tha rest must, in large part, depend on official aid and credit from the multi-national agencies. As Mr. Bergsten notes, the IMF is now poised to expand its resources, to broaden countries access to its credits and to give borrowers more time to adjust to IMF economic policy conditions. Parallel to this is the World Bank's new lending programme for structural adjustments.

The U.S. hopes that the upcoming Venice summit of Western leaders will give a political push to these policies, which in the case of the IMF are still at the preperation stage.

Apart from this, Mr. Bergsten's speech today makes clear why the U.S. does not expect the recycling issue to figure high on the Venice problem-list.

Embarrassed though he has been by the recent debacle of his oil import fee plan at the hands of Congress, U.S. officials say President Carter will not shrink from pointing to U.S. success in cutting imports and consumption in the past year.

Republican chairman keeps job

By Jurek Martin, U.S. Editor, in Washington

MR. RONALD REAGAN has decided to retain Mr. Bill Brock as National Chairman of the Republican Party, thus avoiding for the moment what looked like a potentially damaging split between the party's conservative and moderate wings. But Mr. Reagan has also managed to insert his own man, Mr. Drew Lewis from Pennsylvania, as number two to Mr. Brock and Chief Operating Officer of the National Party Committee.

The Republican Party's Presidential nominee-apparent had seemed to force himself into a nasty corner by allowing his aides to go around saying that Mr. Brock, whom they consider insufficiently conservative, should be removed and a Reagan loyalist put in his place.

The whole affair also suggested to many observers that a key element of discipline was missing in the Reagan campaign, possibly portending trouble against the Democrats in the autumn.

The move to oust Mr. Brock galvanised the Republican hierarchy, representing both the right as well as the centre of the party, to appeal to Mr. Reagan to retain Mr. Brock until the general election in November.

Before a "unity" fund-raising dinner in Los Angeles on Friday night, featuring most of the candidates he beat on the way to the nomination, Mr. Reagan dismissed the fuss about the party chairmanship as merely the product of the Washington "rumour mill."

However, the truth is that Senator Paul Laxalt from Nevada, Mr. Reagan's campaign chairman, made little attempt to disguise his belief that Mr. Brock should go.

Mr. Lewis's elevation clearly gives Mr. Reagan a big lever inside the National Party Committee. Mr. Lewis, an experienced political professional, is reckoned to be no more conservative than Mr. Brock.

Three former Afghan ministers executed

BY K. K. SHARMA IN NEW DELHI

A NEW staga in the factional fighting within the Communist Party in Afghanistan has begun, and is expected to result in a fresh spell of bloodletting. This was signalled by a report on Kabul Radio over the weekend, when three Ministers of the former Afghanistan Government headed by the late President Hafizullah Amin were executed.

The three were sentenced to death by a revolutionary court. All are members of the Khalq faction which is bitterly opposed to Mr. Babrak Karmal the regime's leader. That the executions have been announced suggests that the Russians have given their consent to them.

This is seen by observers in New Delhi as an attempt by the Russians to regain control over the fast-deteriorating political situation in Afghanistan as a result of the increased resistance by rebels in the past few weeks. Reports of intense fighting have come from various parts of Afghanistan, including Pagbam which is close to Kabul.

Since the military situation seems to be getting out of hand for the Russians, they have apparently found that the bickering within the ruling party is making it difficult for them to take the initiative to keep a regime in power that is not resentful of the Soviet presence.

The interpretation here is, therefore, that the Russians have allowed the factions to settle past scores so that the faction headed by Mr. Karmal emerges strengthened.

Mr. Karmal was brought from his ambassadorial post in Czechoslavakia to head the Kabul government soon after tha Russians overthrew President Amin last December.

At that time they had hoped that by installing a moderata at the head of the government, things would settle down and the Khalq and Mr. Karmal's Parchham factions would cease to quarrel. This never happened and tha increasing factional struggle to gain power weakened the military offensive against the Afghan rebels.

Concern in Bonn over declaration

By Jonathan Carr in Bonn

CRITICAL questions are being raised in the West German ruling Social Democrat Party (SPD) over the European Community's Middle East declaration and the Bonn Opposition has attacked the EEC initiative outright.

In an interview this weekend, the Opposition's candidate for Chancellor, Herr Franz Josef Strauss, called the EEC statement approved in Venice a doubtful effort to appear to satisfy Arab wishes while not treading on American toes.

However, the time would come when the Europeans would have to recognise that they were not in a position to fulfill the expectations they had raised, Herr Strauss added.

It is clear that SPD members are also unhappy about elements of the declaration—particularly those relating to the Palestinians—and are looking to Chancellor Helmut Schmidt for clarification of the Venice document.

Many SPD deputies feel that the Camp David accord provides the only realistic basis for a durabla Middla East settlement —a poin stressed in a recent message to the U.S. Congress by a group of influential SPD members.

King Khaled

While it is recognised that the U.S. Government has not publicly criticised the Venice initiative, there remain fears in the SPD that Europe may now be steering a course which could upset the Camp David process.

Reuter adds from Damascus: The Palestine Liberation Organisation yesterday issued a scathing assessment of the declaration, saying it was the product of U.S. blackmail.

The EEC document was full of contradictions and ambiguities, it said. It represented a European attempt to save the U.S.-sponsored Camp David accords between Israel and Egypt, rejected by the PLO and most Arab states.

Fisheries Ministers aim for agreement

BY MARGARET VAN HATTEM IN BRUSSELS

THE CHANCES of getting an EEC common fisheries policy together at the end of the year, the deadline set by EEC Foreign Ministers last month, depend largely on the outcome of the meeting in Luxembourg today.

Fisheries Ministers of the Nine will try to end 18 months of stalemate and resume the four-year-old struggle for a policy to conserve and manage stocks in the 200-mile Community "pond."

Foreign Ministers agreed last month, as part of the budget contribution and farm prices package, on broad guidelines for fisheries. It is widely hoped that these, although too vague to represent much more than a declaration of intent, will give fresh impetus

Similar declarations from above have failed in the past to narrow the gap between Britain and the rest of the EEC partners—notably France and Denmark—on the question of access to UK coastal waters.

But Britain and France, having overcome much wider differences on farm prices, lamb and the budget, no longer see their differences on fisheries as a major obstacle to a common policy.

Further progress between these two could isolate Denmark, whose large industrial fishing industry will inevitably suffer from any common fisheries policy.

A tactical battle between Britain and Denmark is expected to get under way today as ministers examine a barrage of Commission statistics showing what is left of the Community's dwindling fish stocks, who caught what in the year 1973 to 1978 and who lost what from non-EEC waters after the international move to 200-mile limits in 1977.

The Commission has carefully avoided putting forward quota proposals for 1980 (it has not proposed quotas since the breakdown of talks in 1978) but the presentation of the statistics indicates clearly the sort of figures the Commission has in mind and the limited room for manoeuvre.

The statistics show the Community share of edible fish in its own waters has dropped by almost 250,000 tonnes since 1978, roughly 4 per cent. They show Britain and Danmark both lost heavily by being excluded from third-country waters after the move to 200-mile limits.

France protests to Liberia

By David White in Paris

THE FRENCH Government yesterday issued a strongly worded protest after soldiers broke into the French embassy in the Liberian capital of Monrovia and seized Mr. Adolphus Benedict Tolbert, lawyer son of President William Tolbert, who was assassinated in a coup on April 12.

The Foreign Ministry here said Saturday's arrest was "a blatant and unacceptable violation of the status of diplomatic missions and international customs." Mr. Tolbert, known as AB, had apparently been hiding in the embassy since shortly after the military take-over headed by Master Sergeant Samuel Doe. He now runs the risk of execution.

Homage to de Gaulle

BY OUR PARIS STAFF

THOUSANDS of people marched yesterday to Colombey-les-deux Eglises, burial place of General Charles de Gaulle, in a show of homage that betrayed the rivalry among French politicians claiming to represent the General's lagacy.

The march, to celebrate the 40th anniversary on Wednesday of de Gaulle's appeal from London calling on the French to resist the German occupation, was organised by the mainstream Gaullist party, the RPR. It was headed by M. Jacques Chirac, its leader, and presumed Presidential candidate. Former Prime Minister, M. Michel Debre, who has threatened to launch his own campaign for President next year, held a separate ceremony at Amboise in the Loire valley.

World Economic Indicators

TRADE STATISTICIS

			Apr. '80	Mar. '80	Feb. '80	Apr. '79
UK	£bn	Exports	3.885	3.835	4.133	3.175
		Imports	4.149	4.011	4.359	3.522
		Balance	−0.264	−0.176	−0.226	−0.407
W Germany	DMbn	Exports	30.14	31.30	29.60	25.95
		Imports	29.04	29.30	29.10	22.62
		Balance	+1.10	+2.00	+0.50	+3.33
France	Frs. bn	Exports	42.286	41.033	39.272	33.800
		Imports	44.330	46.882	43.538	33.300
		Balance	−2.044	−5.849	−4.800	+0.500
Italy	Lira bn	Exports	5,411	5,617	5,135	4,369
		Imports	6,921	7,001	6,391	4,305
		Balance	−1,510	−1,384	−1,256	+64
U.S.	$bn	Exports	18.460	18.534	17.200	13.883
		Imports	20.337	21.692	22.800	17.053
		Balance	−1.868	−3.158	−5.600	−3.170
			Mar. '80	Feb. '80	Jan. '80	Mar. '79
Holland	Fl. bn	Exports	13.317	12.554	12.562	11.064
		Imports	14.052	12.700	12.485	11.304
		Balance	−0.735	−0.146	+0.077	−0.240
Japan	$bn	Exports	10.480	9.399	6.860	9.262
		Imports	10.520	9.586	9.241	7.775
		Balance	−0.040	−0.187	−2.381	−1.487
			Dec. '79	Nov. '79	Oct. '79	Dec. '78
Belgium	Frs. bn	Exports	137.8	148.2	172.3	123.7
		Imports	152.6	163.6	167.6	120.2
		Balance	−14.8	−15.4	+4.7	+3.5

WORLD TRADE NEWS

Dutch seek Soviet gas supply

GRONINGEN — NV Nederlandse Gasunie, the Dutch gas distribution company, has outlined plans in preliminary talks with the Soviet Union to buy about 5bn cubic metres of natural gas annually starting 1984 to 1985.

"We are hoping to reach agreement with the Russians by the end of this year," a Gasunie official said at the weekend. "We've made our position clear and now its is up to them. We expect concreta negotiations to begin soon."

Peru power deal

By Victor Kayfetz in Stockholm

SKANSKA Cementgjuteriet and ASEA have announced orders totalling just over SKr 500m (£51m) for building and equipping a turnkey power station at Carbnaquero in northern Peru for the state Power company, Enpresa Publica de Electricidad de Peru. Construction begins in August and is to be completed in 1984.

Pipeline for Libya

TOKYO—Nippon Kokan Kaish and Marubeni are to construct a 611-kilometre oil pipeline in Libya, costing about $162m, for the Arabian Gulf Oil Company of Libya.

Reuter

AEG seeks foothold in video market

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN, West Germany's second largest electrical and electronics group, is seeking to establish a direct foothold in the rapidly growing world market for video-recorders.

It has been negotiating for several months with two of the main licence holders for video-recorder technology, JVC of Japan and Philips of Holland, with a view to manufacturing at laast part of the sets in West Germany.

So far AEG has restricted itself to importing the recorders direct from JVC in Japan, selling them in Germany under its own name.

Only the appearance of tha machine was different from JVC's own models, as AEG has always added its own casing to the recorder.

The idea of strengthening the market share of the only European video-recorder on tha market, developed by Philips and Grundig, has held strong attractions for AEG, but it appears that it is close to deciding on a development of the existing link with JVC. AEG's ambition is to manufacture the electronic parts of the recorders itself, together with the housing.

The losses made by its entertainment electronics division, Telefunken, in recent years, were one of the important factors that brought tha AEG group closa to financial collapae last year.

Telefunken has made major contributions to the davelopment of colour television technology — above all the introduction of the PAL colour system, which is now in use in nearly all West European countries — but in recent years it has lost its technological lead or has backed the wrong products.

Video recorders represent the major growth market for entertainment electronics — radio, television and sterao — in the next decade, and as part of re-establishing Telefunken on a viable footing, AEG has decided that it must have a stronger presence in this sector.

Tha outcome of its negotiations is expected to be announced in the next few weeks, but it is likely to ba another success for JVC's video recorder system, to add to its other links with Britain's Thorn EMI and General Electric of the U.S.

The market AEG will be competing for is the only big growth sector in entertainment electronics. According to a study by West Germany's Electrical Industries Federation, sales of colour televisions are stagnating and little growth is expected

BIRMINGHAM FACES SETBACK

Textile fair may switch from UK

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE NEXT International Textile Machinery Association exhibition in 1983—one of tha biggest trade fairs held anywhere in the world—may now be switched from Birmingham's National Exhibition Centre to the Continent because of the high cost of space.

The once-every-four-years event attracted more than 150,000 visitors in Hanover last year, three-quarters of them from outside West Germany, and estimates of the potential revenue to Britain from staging the event have been put at over £100m.

The latest rental terms put forward by the NEC—believed to be £85 per square metre—are substantially higher than the cost of space at Hanover which came to around £60. As a result the organisers of the exhibition Cematex, the European textila machinery trade body, has asked the NEC to reconsider their price and will meet again next month to decide whether or not to go ahead in the UK.

Faced with a rapid rise in rental terms, Cematex appears to have dug its heels in and is insisting that the NEC should match the Hanover costs, though it is willing for it to be indexed in some way to inflation over the next four years.

The main reason Birmingham claims not to be able to do so is the huge size of the exhibition, which would make it necessary to add a further 90,000 sq m of gross space in temporary accommodation to the existing 100,000 sq m.

Mr. Terry Golding, the NEC chief executive said at the weekend that approaches had been made to the Government to see if funds could be made available to support the event but these had been unsuccessful. Appeals to Birmingham City Council, owners of the NEC, had also failed.

"It is a tragedy we cannot look at Great Britain Ltd. and see that withdrawal of this exhibition will mean the loss of £100m in revenue and a net outflow of funds by Government to support British attendance at another location on the Continent," Mr. Golding commented.

Under present rules, ha said, the Government through the British Overseas Board supported the efforts of British exporters at exhibitions outside the country but there was no reverse mechanism to support functions that would bring overseas visitors to see potential UK exporters in Britain.

Mr. Tim Bufort, Chairman of the BTMA and a member of Cematex declined to comment in advance of next month's meeting at which the European body will be informed of the NEC's response to the request for a more competitive price.

A switch of site is likely to be damaging to the reputation of the BTMA which lobbied actively for the UK to be chosen, and will represent a further setback to British hopes of inclusion on the major European exhibition circuits.

World newsprint demand rises

BY WILLIAM HALL

WORLD NEWSPRINT consumption grew by 3.7 per cent last year and reached a new peak of 24.6m tonnes. Consumption would have been higher but for strikes at some Canadian and American newsprint mills.

In the U.S., which is the largest newsprint market in the world, consumption rose by 3.4 per cent to 10.2m tonnes and for the fourth consecutive year the growth in damand has exceeded that of GNP according to figures published by the Canadian Pulp and Paper Association.

Demand in Western Europe increased by 4.1 per cent last year and in Asia and Oceania newsprint consumption rose by 3.4 per cent. Over the last decade the world demand for newsprint has been growing at an annual average rate of 2.6 per cent.

Over half of the increased demand for newsprint was met by the Scandinavian producers who increased production by 18 per cent to 3.4m tonnes. By contrast Canadian production fell slightly to 8.7m tonnes.

Total world newsprint capacity increased by 804,000 tonnes last year and is scheduled to grow by 1.1m tonnes in the current year. The largest expansions are taking place in the U.S., Canada and Japan.

Canada, which exported 7.8m tonnes of newsprint last year, accounts for two thirds of world newsprint exports. Last year it sent 6.4m tonnes to the U.S. Britain is Canada's second largest export market and took 0.4m tonnes.

Atlantic trade is buoyant

By Our Shipping Correspondent

THE GAP between freight rates in the Far East and those in the Atlantic continued to widen last waek. The Pacific trades remain depressed but tha Atlantic trades are very active with demand for smaller "handy sized" vessels particularly buoyant.

The contrast between the Atlantic and the Pacific is underlined by the rates paid for two 74,000 tonners. One was fixed at $21,000 per day for the trip from the Continent to Japan. Meanwhile, a similar vessel was only fixed at $14,500 for the return trip.

The world recession is clearly biting in tha Far Eastern freight markets but in the Atlantic the slowdown in world economic growth is disguised by the strength of grain demand and the buoyancy of the coal trades. Denholm Coates reports that 30 days congestion at U.S. loading ports on the Eastern seaboard is common.

In its latest freight market report Eggar Forrester says that it expects a "slightly weaker" market in the summer months

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Talks at NEDC on economic policy

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GOVERNMENT, CBI and TUC leaders will meet today at the National Economic Development Council to discuss economic policy. Since their last meeting, early last month, evidence that the recession is biting harder has grown and some industrialists as well as the TUC are questioning Government policy.

One positive result from the earlier meeting was the CBI's invitation to the TUC for bilateral talks, which the TUC is expected to take up following the agreement of the Economic Committee last week. The talks will probably cover specific subjects at first, including the introduction of new technology and the problem of imports in certain industries, but they could move on to broader issues, which might include pay, by the autumn.

In the meantime, the search for some sort of consensus will continue in the NEDC forum. In the discussions on macro-economic policy so far, that consensus has been achieved only on broad objectives. The gap between the Government and the TUC on the role of the Government in stimulating investment and jobs seems destined to remain as wide as ever, with the CBI supporting Government policy except for its plea for reduction in interest rates.

Today's meeting of the NEDC will discuss the supply side of industry—ways in which structural change, new business, modernisation and job change can be encouraged and made easier.

The discussion will be helped by a paper from the Council's office, which gives examples of the way in which other European countries pursue "adjustment" policies. The general theme of the paper is the encouragement of movements of capital and manpower, and the ways governments, employers and trade unions can help to speed this up at less human and social cost.

Another paper, in addition to those submitted to last month's meeting on macro-economic policy by the Government, CBI and TUC, will come from Sir Keith Joseph, the Industry Secretary. It will outline the areas where the Government believes it can help industry, in the context of its policy of creating the right environment for encouraging enterprise.

Court to decide over Thames Television exclusive racing deal

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THAMES TELEVISION has been forced to resubmit to the Office of Fair Trading its controversial agreement for exclusive television coverage of certain horse racing, including the Derby.

The agreement will be placed on the official register of restrictive trade agreements to enable the Restrictive Trade Practices Court to decide whether the deal operates against the public interest.

The move by Thames represents the second big retreat by an independent television company over sports coverage. Last year, London Weekend Television abandoned an exclusive deal for football league match coverage after OFT intervention. coverage was eventually shared with the BBC.

The horse-racing agreement was negotiated this year with United Racecourses for £2m. It gave Thames three years' exclusive coverage of racing from Epsom, Sandown Park and Kempton Park and restricted such matters as the location of advertisements and timing of races.

Under the Restrictive Trade Practices Act, 1976, Thames Television was obliged to notify the OFT of the restrictive agreement, which would then automatically be placed on the register of restrictive practices.

Thames, however, failed to notify the OFT, which, when it learnt of the agreement, was legally obliged to declare the deal void.

Had the OFT been notified of the agreement in advance, both parties would have been able to operate it until the Restrictive Trade Practices Court had ruled otherwise.

Thames Television's motives for not registering the agreement were unclear, since there was a legal obligation to notify the OFT.

Other sports agreements negotiated by the BBC have been successfully submitted to the OFT, and have been allowed to continue pending any court action.

The new agreement submitted by Thames followed the lines of the previous, void agreement, but this time it operated from June 1 instead of from beginning of the year.

Cameron in £9m. expansion

By Ray Perman, Scottish Correspondent

CAMERON Iron Works, the U.S. forging and engineering group, is to spend £9.5m modernising and expanding its two British plants during the coming year.

The company, which specialises in oilfield equipment, ball valves and precision forged nickel alloys for the aerospace and nuclear industries, has been investing heavily over the last few years to maintain a steady increase in productivity.

In the year ending this month, it spent £7m at its plants in Leeds and Livingston new town, West Lothian, and in 1978-79 the figure was £4.5m.

Mr. Philip Burguires, executive vice-president, who was visiting the UK from Cameron's headquarters in Houston last week, said that although order books had started to be affected by the recession in engineering in the U.S. and Europe, the company expected to do well in the coming year.

Mr. Burguires described labour relations in Cameron's UK plants as excellent, but said the trend towards a shorter working week and longer holidays with no loss of pay was worrying.

"Although basic wage rates in Britain are lower than in the U.S. shift and overtime payments are richer and there is a shorter working week. With the higher value of the pound, that means hourly labour costs here are very close to those in the U.S.

Liberian payment ruling appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INTERNATIONAL Transport Workers Federation (ITF) will today challenge in the Appeal Court a ruling that the Federation's demand that a Liberian shipping company contribute to the ITF welfare fund was unlawful.

The demand, for $6,840, was part of the price sought by the ITF for the release of the 269,000 ton tanker Universe Sentinel, when it was "blacked" by the ITF at Pembroke Docks in July, 1978.

In April, Mr. Justice Parker ruled in the Commercial Court that the vessel's owners, Universe Tankships Inc., of Monrovia—part of the group headed by shipping magnate Daniel K. Ludwig—was entitled to have the money back.

He said the intention had been that the money should be held in trust for the welfare fund which, at the end of 1978, had contained £7.6m. But because the fund's purposes were not charitable, the trust was void and the money repayable.

Also, said the judge, Universe had paid the money under duress. The ITF's demand had not been validly made in furtherance of a trade dispute—the welfare fund being unconnected with seamen's terms and conditions of employment—and had therefore not been covered by the legal immunities afforded by the 1974 Trade Union and Labour Relations Act.

He also ordered the ITF to repay to Universe part of the $71,720 the company paid under the "ransom" package as back wages to the vessel's crew, a number of whom had assigned their shares to the company.

Universe Tankships' victory in the case was regarded as slightly redressing the legal balance in the long-running battle over flags of convenience.

A recent House of Lords decision has tipped the scales firmly in the ITF's favour by holding that its activities to improve seamen's conditions were legitimate in furtherance of a trade dispute.

Short time for farm machine plant workers

NEWMAN GRANGER, an engineering company at Codnor Gate Industrial Estate, Derbyshire, has put 100 workers on short time due to a reduction in demand for heavy agricultural machinery and articulated trailers.

T. I. Credo, of Blythe Bridge, Stoke-on-Trent, has announced a three-day working week for many of its 2,000 employees. About 600 already work a four-day week. Short time, it says, is inevitable because of a decline in the electric domestic appliance market. It hopes to review the short-time working later this summer.

In contrast, largely due to exports to America and elsewhere, Portmeirion Potteries, Stoke-on-Trent, is working six days a week. The pottery employs nearly 300, and do overtime to meet demand. Though the industry is going through a difficult time, the company expects to go "flat out" at least until the autumn.

Roll-on roll-off Channel traffic up by 16%

By Our Shipping Correspondent

COMMERCIAL TRAFFIC on roll-on roll-off ferries between Britain and the Continent rose by 16 per cent in 1979, though there were signs that the growth rate was slowing towards year-end.

Statistics in British Business show that 608,000 commercial vehicles and trailers were carried on UK-Continental ferries last year.

The two main routes, Straits of Dover and North Sea, accounted for about 260,000 vehicles each, 87 per cent of the total traffic.

Just over a third of the traffic disembarked in France, just under a third in Belgium, and a quarter in Holland. Roll-on roll-off traffic on French routes rose by 19 per cent and on Belgian routes by 16½ per cent.

Of total traffic, 325,000 units were powered vehicles and 284,000 trailers. The bulk of the accompanied vehicles cross on the short sea routes through Dover, and nearly threequarters of the trailers and other unaccompanied vehicles cross via the North Sea ports.

Labour Party financial overhaul proposed

BY ELINOR GOODMAN

A MAJOR overhaul of Labour Party finances was proposed at the weekend by Labour's commission of inquiry, before it got down to what threatened to be the much more divisive question of the party's future constitution.

The package, which will now have to go before Labour's national executive before being finally endorsed by the party's annual conference in October, includes proposals for a big increase in individual subscriptions and trade union affiliation fees. A director of finance will be appointed.

In the long term, the commission wants a commitment to State aid for political parties to be written into the next election manifesto.

The party expects to have a deficit of £750,000 at the end of the year and some members of the commission were yesterday claiming that the weekend session would have proved its worth if only because the party had finally got down to considering ways of dealing with its long-standing financial problems. The commission proposed a new membership drive.

As far as membership fees were concerned, the commission recommended that individual subscriptions should go up from £3 to £5 a year and that the present affiliation fees for trade unions of 32p should increase to 40p next January and to 50p the following year.

The commission also discussed some novel ideas for raising money. Among these was a national membership lottery; a national appeal day, like Flag Day; and a Labour supporters' club, similar to a football supporters' club.

Pym attacks 'hypocrisy'

MR. FRANCIS PYM, the Defence Secretary, yesterday attacked the "nauseating hypocrisy" of British people against Britain having nuclear weapons, who were prepared to rely on others for protection.

Those who said that the Polaris missiles should not be replaced and that U.S. Cruise missiles should not be stationed in Britain were calling for a change in the policy of successive governments, Labour and Tory, since the last war, Mr. Pym said.

STC wins S. Atlantic cable order

FINANCIAL TIMES REPORTER

STANDARD TELEPHONE and Cables has won a $40m contract to supply a telephone cable linking West Africa with South America. As part of the same project Submarcom, a French company, has been awarded a £44m contract to supply a cable linking Portugal with West Africa.

STC, a subsidiary of ITT, which tendered for both contracts, will make the 1,850-nautical mile cable at its Southampton factory.

The total project, known as Atlantis, worth £103m, is being funded by the telecommunications authorities in the UK; Argentina; Brazil; West Germany; France; Italy, Ivory Coast; Portugal; Senegal; and Switzerland.

The Post Office's investment is over £5m.

The STC cable will be able to carry nearly 1,400 calls at one time and goes from Senegal to Brazil. It is planned to be in service by mid-1982.

CBI welcomes plans for enterprise zones

BY ROBIN PAULEY

THE GOVERNMENT'S plans to establish experimental enterprise zones in derelict urban areas receives a qualified welcome today from the Confederation of British Industry.

However, the Town and Country Planning Association says a public inquiry should be held before each is established.

Sir Raymond Pennock, CBI president, has written to Mr. Michael Heseltine, Environment Secretary, saying he hopes the experimental zones will demonstrate the benefits for business of working in an environment free from many of the usual constraints.

The plans are for about eight zones in Britain, each no larger than 500 acres, with special benefits to try to attract industry and commerce to urban areas in severe decline.

Benefits would include exemption from Development Land Tax, no rates for commercial and industrial premises, 100 per cent capital allowances for commercial and industrial premises, and simplified planning procedures.

The CBI also calls for an early decision on providing funds for transport facilities to improve access to the zones. A better infrastructure within the zones is also urged.

The Town and Country Planning Association has written to Mr. Heseltine saying the proposals in their present form run the risk of alienating many of the people they are designed to help and may adversely affect the local economy.

The association's main concern is that developments within the zones will siphon development away from other areas.

The Government plans a zone each for Wales, Scotland, and Northern Ireland, two in London and three or possibly four more in England.

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Financial futures market scheme almost ready

BY WILLIAM HALL

A FEASIBILITY study into plans for a financial futures market in London, prepared by a City working party, will be submitted to the Bank of England later this month.

If everything goes according to schedule a market could be operating by autumn 1981.

In much the same way as some farmers use the commodity futures markets to protect themselves from violent swings in prices before he harvests his crops, investors can use the financial futures markets to protect themselves against sharp movements in interest rates or foreign currencies.

The idea was spawned by the Chicago commodities markets in the mid-1970s and has revolutionised the U.S. financial markets. Most of America's big banks and U.S. brokerage houses are now actively involved.

The U.S. experience has caused considerable interest in the City of London and a few months ago a working party, chaired by Mr. John Barkshire of Mercantile House, was established to investigate the possibility of setting up a similar sort of market in the UK.

The working party has proposed seven possible financial futures contracts. There are two sterling interest rate contracts. One will be based on certificates of deposit (CD) and the other might be linked to a long dated gilt. Although this will depend very much on the Stock Exchange attitude.

Four currency contracts, covering sterling, the Swiss Franc, Deutschemark and yen, are under consideration and a Eurodollar CD futures contract has also been proposed.

Although no decision has been taken, it seems likely that the proposed financial futures market will be established independently of the Stock Exchange and the commodities markets, but it might use the clearing facilities of the International Commodities Clearing House.

The 10-man working party, consisting of representatives of leading merchant bankers, commodity brokers, stockbrokers, jobbers and discount houses, plans to submit its initial feasibility study to the Bank of England later this month.

Whether a financial futures market can be established in London will depend very much on the Bank of England's attitude. The working party hopes to have a reaction from the Bank by early autumn and will then publish a green paper which it will circulate to all potential users.

Banks to list overseas lending

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

ALL UK-registered banks will have to supply the Bank of England with greater detail about their lending in every country around the world from this month.

Now they will be asked to analyse, on a six-monthly basis, country exposure according to whether the lending is to banks, the public sector, or other entities.

This requirement of extra information marks the second stage in the Bank's initiative to pay more attention to the country risks associated with international banking. Since December last year all UK banks have had to file regular information about aggregate country lending for the first time.

The scheme, which involves completion of Country Exposure Report — (Form C1), will come into full operation at the end of the year, when banks will also be asked for a country-by-country analysis of the claims and liabilities of overseas offices in local currency.

Previously, the Bank relied on data provided on a less formal basis by individual banks for its information about lending abroad. The new approach seems, at least partly, to be a consequence of the 1979 Banking Act, which set out the Bank's responsibility for all banks operating from the UK.

It is also in line with a 1975 agreement under which leading central banks agreed to take some responsibility of the international operations of their domestic banks.

The Bank believes that in supplying this information banks will pay more attention to "country risk" in assessing the quality of their lending. One outcome could be the emergence of some consensus about the extent to which it may be necessary for banks to recognise losses on loans made to countries which cannot be repaid on the due date.

Coal Bill faces stiff Labour opposition

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE COAL BILL, cornerstone of Government policy towards the industry, will face strong opposition from Labour tomorrow when it comes before the Commons for a second reading.

Government hopes that the Bill would have a quiet passage have been shattered by mounting concern among Labour MPs and miners' leaders that it will lead to an accelerated programme of pit closures.

Under the legislation, the Government insists that the National Coal Board break even by 1983-84 without the benefit of operating grants which were worth nearly £200m in the last financial year. At the same time, however, the NCB is being given strong Government backing for its £600m a year capital investment programme.

In presenting the Bill, Mr. David Howell, Energy Secretary, is likely to stress that the Government wants to see an expanded coal industry, but also a profitable one.

Labour leaders have tabled an amendment which says that phasing out the grants runs contrary to the trend of increased support for the coal industry among European producers.

Dr. David Owen, Opposition Energy spokesman, told Northumberland miners at the weekend that the Government was risking putting the coal industry in "the same financial straitjacket as the steel industry."

An accelerated pit closure programme would put the expansion of coal production at risk when every other coal producing country was aiming for energy self-sufficiency. By allowing financial targets to dominate everything, the Government would add to unemployment which was already high in many coal producing areas.

In opening the second reading debate for Labour, Dr. Owen is likely to call for a total rethink of the Government's coal industry financing plans, arguing that these were drawn up last summer and have been outdated.

There is also strong opposition to the Bill among miners. Mr. Joe Gormley, National Union of Mineworkers President, has described the 1983-84 break-even target as unrealistic. Mr. Arthur Scargill, NUM Yorkshire area president, has called for opposition, including industrial action if necessary, to any pit closure except where reserves of coal are exhausted.

In an attempt to smooth pit closure problems, the Bill provides for improved payments to redundant miners and larger transfer sums for men moving from elderly to long life pits. The transfer payments, now in the £1,580-£4,050 range, will be increased to about £3,075-£11,311.

Sterling 'likely to stay strong'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING IS likely to remain relatively strong for the time being, offering little prospect of any significant easing in the current tight competitive pressures on industry's profit margins, several leading City analysts argue in weekend comments.

Brokers Rowe and Pitman, for example, argues that the international oil scene, relative interest rates and international investor confidence in the UK Government's strategy will combine to maintain sterling's present level, particularly against the dollar.

Similarly, brokers Wood Mackenzie sees no signs that the Government is prepared to cut interest rates purely to discourage capital inflows into the UK; the firm has accordingly revised its exchange rate assumptions upwards. It now expects £1 to be worth \$2.25 at the end of 1980 and \$2.20 a year later. This compares with a closing rate on Friday of \$2.34.

A detailed analysis of influences on the exchange rate in stockbrokers' Phillips and Drew's world investment review suggests that the impact of sterling's status as a petrocurrency and interest rate factors will be less significant by the end of the year than at present. Consequently, sterling could drop to \$2.10-\$2.20 by the end of December.

By the middle of next year the brokers expect a surplus on the UK's current account of the balance of payments; sterling M3 growth well within target and a 7 percentage point reduction in UK inflation from present levels, with the prospect of a further reduction by the end of 1981.

In its latest economic policy review, brokers Scrimgeour, Kemp-Gee and Company argues that a lower sterling exchange rate is needed if industry is to prosper. To achieve this, the authorities should intervene in the markets to counter inflows of "hot money."

Although most analysts are now cautious about the scope for an early sharp reduction in interest rates, brokers Simon and Coates argues that the precise date of the initial reduction in Minimum Lending Rate is becoming increasingly irrelevant, as rates are already on a falling trend.

Meriden seeks deals in Britain

BY JOHN GRIFFITHS

THE MERIDEN motorcycle co-operative said yesterday it would continue negotiations with two British concerns aimed at securing its survival, after plans for a rescue deal with Japanese interests failed.

Mr. Geoffrey Robinson, the Labour MP for Coventry North-West who acts as the co-operative's unpaid managing director, was to fly to Japan at the weekend in the hope of concluding a partnership deal with Marubeni Corporation, a Japanese trading house, and Suzuki, the motorcycle manufacturer.

Meriden hoped to obtain from the deal both finance and Suzuki components to build a wider range of motorcycles than its existing large-capacity Triumph models.

Mr. Robinson said yesterday the Japanese had told him that the deal had become impracticable because of the continuing appreciation of the yen against sterling. He denied that the Government's refusal to waive £5½m in loans and interest charges owed to it by the co-operative had been the stumbling block.

The door has been left open on longer-term co-operation with the Japanese, according to Mr. Robinson, and they need not be excluded from involvement with Meriden by a link with the British companies said to be interested. One is said to be in the financial sector, the other an engineering concern.

It remained the Co-operative's intention to broaden its range into higher and lower capacity machines than the existing 750 cc ones — and this would be highly likely to require Japanese components.

The pressures on Meriden to sew up some form of rescue deal soon are considerable. Interest on its loans is mounting and the withdrawal of Export Credit Guarantee Department guarantees has cut it off from the U.S. market. Offsetting that, UK and European sales have been helped by the launch of new models, with another still to come. It is also optimistic that it will soon conclude a £3m order to supply motor-cycles to Nigeria.

But the motorcycle market is a highly technical one, and the Co-operative's cash flow remains precarious. The coming months, Mr. Robinson conceded yesterday, will be "the acid test" for the co-operative's survival.

Print demand increase forecast at one per cent

BY ALAN PIKE

TOTAL DEMAND for commercial printing in the UK is expected to increase by only just over 1 per cent a year in the early 1980s, the British Printing Industries Federation was told at the weekend.

Mr. Willy Johnson, deputy managing director of BIS marketing research, told the federation's annual congress that forecasts indicated a rise in expenditure on print of nearly £100m between 1979 and 1984.

Although this rise was equivalent to the combined turnover of several larger British printing groups it represented only 6 per cent increase in the market.

Growth

"This rate of growth will be considerably lower than in the past. We expect this slowing up in growth to continue through the rest of this decade," he said.

In tonnage, the commercial printing industry's share of the total printing and writing paper market is expected to drop slightly from 80 to 78 per cent.

Most printers, said Mr. Johnson, were now aware of the factors which would be affecting demand over the next five years. These include slower economic growth, saturation of demand in some large print markets, and substitution by cheaper media.

Opportunities

In spite of the slow growth forecast there would be opportunities for some printers to expand at rates well above the average by creative marketing and application of new technology. However, there was not much doubt that companies which failed to do this would "find the going very tough in the latter part of this decade and untenable through the 1990s."

Successful companies would have to make the fullest use of new technology and use other new communications systems.

Collapse of Bamfords surprised former chief

BY HAZEL DUFFY AND LISA WOOD

THE SPEED at which agricultural machinery specialists Bamfords careered towards collapse surprised many people, including Mr. John Varley, who was chief executive of the company until his retirement on December 31, 1979. He admitted last week that the events leading up to the decision of the directors to apply for voluntary liquidation of Bamfords had come as "a bit of a shock."

On Thursday the creditors meet in the small Staffordshire town of Uttoxeter to receive an outline of what went wrong at Bamfords, and an estimate of the debts owed by the company at the time of its collapse. They are not likely to fall much below £7m. The Ordinary shareholders have already been told that they can expect nothing from the liquidation.

The meeting might prove to be eventful in its own right. Prior to the meeting, the shareholders will nominate Mr. Stephen Adamson and Mr. Chris Chambers, of accountants Arthur Young McClelland Moores, as joint liquidators. It is then up to the creditors to agree to the appointments. But one creditor — the Birmingham steel stockholder, Gardners—is seeking to have somebody else appointed.

Gardners is owed nearly £51,000 by Bamfords. The stockholder is a regular supplier to Bamfords, but became concerned when Bamfords' shares were suspended on May 22, and applied for a compulsory winding-up petition the following day. This petition is due to be heard in court at the end of June. Bamfords' directors say they were unaware of this petition when they applied for a voluntary winding-up order on June 3.

Gardner's legal advisors have let it be known that they do not intend to withdraw their petition. If it goes ahead, a hive-down agreement dated May 29 will be legally void until the hearing at the end of the month. The agreement is said by Bamfords to be "normal practice in cases such as this" and is "to facilitate the continuity and sale of such parts of the business as remain viable."

The prime concern of the major creditors is to ensure that the high level of stocks held at Bamfords can be released quickly for sale on the market. The end of the farmers' buying season for harvesting equipment is rapidly drawing near, which means that if this opportunity is missed, the stocks will be worth little more than "scrap value," according to one of the parties involved.

The procedure of compulsory winding-up being pursued by Gardners could jeopardise the movement of stocks, according to Bamfords' directors.

The financial problems of Bamfords which led up to the final collapse are fairly routine. The company was undercapitalised and was confronted with record interest rates on its borrowings. That might have been acceptable if the equipment that they were making had been selling well. But it was not. Sales of nearly all types of agricultural equipment have been badly down this spring and Bamfords was producing more and more machinery for which there was few customers.

> "It would be easy to cast Bamfords as the unfortunate victim of the wicked recession, the sterling rate, etc. But it would be wrong."

The weaknesses of the company, however, go back much further. Three years ago, Bamfords had a rights issue which was underwritten by its major shareholder, Frederick H. Burgess. (Burgess had acquired its initial stake in 1968 to stave off an unwelcome bid for Bamfords from Joseph Bamford, the brother who built up the J. C. Bamford construction machinery group—a saga which ended in a High Court hearing.)

Burgess was left with almost all the 1977 rights issue, with the result that its stake went up to nearly 60 per cent of the share capital. There was already a Burgess on the Bamford Board, but now Bamfords went on to the Burgess Board. Although Burgess is a major distributor of Bamfords' equipment, it was agreed that trading between the two companies would be at "arms' length."

The money raised by the rights issue was spent partly on financing expansion of Bamfords' plant in Uttoxeter. The directors clearly thought the agricultural market would be good for many years. It collapsed, for Bamfords at least, in the second half of 1978. Since then, the company has been making a loss.

It would be easy to cast Bamfords as the unfortunate victim of the wicked recession, the sterling rate, etc. But it would be wrong. Quite apart from its financial problems, its product range was inadequate. A report commissioned by the Board from the PE Consulting group last November identified many of the deficiencies.

At a time when sileage is becoming increasingly an important feedstock, Bamford's main product, the baler, is geared to haymaking. Although Bamfords aimed to provide a range of equipment, it had nothing like the products or resources to compete with the multi-nationals, like John Deere, Massey-Ferguson, and International Harvester.

The other alternative for a specialist manufacturer would be to concentrate on one or two high profit-earners, but Bamfords did not have those either. A study* carried out for the EEC on agricultural machinery five years ago identified Bamfords as a company which had failed to capitalise on its early advantages.

"An early specialist in harvesting and mowing machinery, Bamfords has tended to manufacture under licence or factor foreign products, rather than develop its own. ... In haymaking machinery the company has been outflanked by Continental developments of drum mowers and rotary star tedders."

Another question that needs to be asked in the post-mortem on one of the oldest agricultural engineering companies in the world, is why Burgess did not take a more active part in steering the company on to the right course? When it came to the crunch, Burgess found itself unable, or unwilling, to come up with the money that was needed to save Bamfords.

Given the substance of the PE Consulting report, and the reservation that even with extra capital, there was no guarantee that Bamfords could survive, that decision was not surprising. But it was surprising that Burgess did not try to stop the decline three years ago.

*A study of the evolution of concentration in the mechanical engineering sector for the UK, EEC.

Balance Sheet 1979

Balance Sheet Total	DM 94 billion	+ 10%
WestLB Bonds	DM 38 billion	+ 13%
Deposits	DM 50 billion	+ 7%
Loans	DM 82 billion	+ 10%
Administered and Trustee Funds	DM 32 billion	+ 4%
Business Volume	DM 130 billion	+ 8%
Group Balance Sheet Total	DM 104 billion	+ 11%
Group Profit after Taxes	DM 188 million	+ 24%

Figures as at December 31, 1979

WestLB
Westdeutsche Landesbank Girozentrale

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University teachers to protest

By Our Labour Staff

UNIVERSITY TEACHERS this weekend drew back from industrial action on a 19 per cent pay claim, but are to begin from today a series of protests aimed at MPs.

The claim has been agreed between the university authorities and the teachers' union, the Association of University Teachers.

It has two elements—a 6 per cent rise payable from January, and a 13 per cent rise payable from October.

However, the Government has so far refused to agree the rise. Mr. Laurie Sapper, general secretary of the AUT, said yesterday that the agreement was within cash limits.

The issue of university teachers pay is presently being studied by the Commission on Pay Comparability (Clegg Commission), though it is expected that it will take at least 18 months for a recommendation to be made.

Miners' dispute

MINERS AT Bevercotes colliery near Retford, Nottinghamshire, decided at a mass meeting yesterday to call off an overtime ban imposed after the dismissal of a colliery electrician Mr. Tommy Gallaway, for allegedly falling asleep underground.

New approach sought to Civil Service pay

BY ELINOR GOODMAN AND JOHN LLOYD

THE GOVERNMENT is studying ways to end 100 years of tradition in the Civil Service, by supplementing or replacing incremental pay awards with merit rises.

The proposals, outlined in a letter to Civil Service trade union leaders from Mr. Paul Channon, the Civil Service Minister, last week, has already outraged the unions, which promise industrial action if the proposals become firm.

The idea of the review comes from Sir Derek Rayner, managing director of Marks and Spencer, appointed by the Prime Minister as an efficiency watchdog to the State sector.

It follows Mrs. Thatcher's statement on May 13 that the Government would look at ways of ensuring that the structure of the Civil Service was such as to encourage initiative and talent.

As part of the review the Civil Service Department will consider whether the existing system of automatic annual increments, introduced as part of the Northcote-Trevelyan reforms which aimed to root out corruption and nepotism, could be replaced by a system in which merit and achievement would supplement length of service as criteria for assessing salary increases.

Ministers are concerned that there is at present no way to reward effort and talent when officials reach the top of their hierarchy. They believe that union members may like the proposals, and hope to start talks soon.

But Mr. Gerry Gilman, general secretary of the Society of Civil and Public Servants, said yesterday that the changes proposed "would bring the ethics of the rat race into the public service." He said that all civil servants' unions, including the First Division Association which organises senior officials, were opposed to it.

"Morale in the service has never been lower in the past 35 years. The Government has already attacked staffing, now it is attacking pay and conditions.

"It is very foolish of a Government, with four years of its mandate still to run, to undermine civil servants in this way."

Mr. Gillman said that many areas of Civil Service work were unmeasurable, and that the introduction of a merit-based scheme would cause thousands of cases of resentment and dispute.

"How are you to measure the efficiency of an immigration officer—by the number of aliens he turns away? If a prison governor serves his prisoners poor food, he will save money—should he receive a merit rise?"

The unions have asked for a meeting with Mr. Channon on the issue as soon as possible.

Pay and status delay Isle of Grain settlement

BY JOHN LLOYD, LABOUR CORRESPONDENT

THREE fundamental issues remain to be settled in talks this week between unions and the Central Electricity Generating Board aimed at agreeing working practices at the Isle of Grain power station construction site.

The first is pay. The TUC proposal, produced last week, is not specific but there is little doubt that the CEGB, the TUC and the unions involved—including the General and Municipal Workers Union, which organises the insulation engineers, or laggers—agree that the laggers should in future receive the maximum hourly rate of £4.60 common to all skilled grades on the site.

However, the GMWU laggers who have been suspended from work on the Grain site for 10 months have yet to accept this. Mr. Malcolm Collar, one of the shop stewards for the GMWU laggers, said yesterday he would insist on bonus pay being negotiated under the agreement previously in force between the GMWU and the insulation contractors, which allowed open-ended bonuses.

However, Mr. Collar said he was prepared to return to work on the basic weekly rate of £84, and to begin negotiations on bonuses while at work. This is a substantial concession from the laggers' side, though probably not big enough for the CEGB. It wants an agreement on bonuses and working practices before it allows the GMWU laggers to replace the trainee laggers, members of other unions, now doing the insulation work.

The second issue is the status of these replacement laggers. The GMWU men insist that they be moved, either off site or to other work on site, before they return. The CEGB insists that they continue working until an agreement is reached.

Mr. Collar said the other craft unions on the site had refused to work with the laggers if they were sent to other tasks.

The third issue concerns the contractors performing the insulation work. At present, the two major mechanical contractors, the General Electric Company (GEC) and Babcock Power, are employing the trainee laggers, and the CEGB says they should continue to do so until an agreement on rates is reached.

The TUC proposals, and the laggers, say the insulation work should be done by members of the Thermal Insulation Contractors Association, with which the GMWU has a national agreement.

In spite of these difficulties, both sides were hoping over the weekend for a resolution this week. The £4.60 ceiling has been accepted by all except the laggers, while neither the CEGB nor the craft unions object to the GMWU men returning, provided terms can be agreed.

There is optimism, too, for the longer-term talks on a national site agreement. The TUC has agreed to represent the unions in talks with the contractors and clients, replacing the craft unions' group led by Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction section.

Morning Star seeks £50,000

By Our Labour Staff

The Morning Star, the daily paper which supports the Communist Party viewpoint, yesterday celebrated 50 years of publication with a festival at Alexandra Palace and an admission that its financial problems have never been worse.

The paper printed its first issue on January 1 in a warehouse in North London, moving after the war to its present headquarters in Clerkenwell.

It changed its name from the Daily Worker — to the chagrin of many party members — to the Morning Star in 1966.

While its circulation has been low by Fleet Street standards and advertising revenue has been minimal, it has been able to count on enough support from Communist Party members and other Left-wingers.

However, it now faces a deficit of £400,000 in the next financial year, while its sales in the six months to December 1979 are under 34,000, with more than 14,000 of these going abroad.

It has launched a special appeal for £50,000 by August, on top of its regular monthly fund-raising target of £10,000.

Assault on economic policies

By Pauline Clark, Labour Staff

BRITAIN'S leading industrial unions plan a major onslaught on Government economic policies when they meet later this month for the annual meeting of the Confederation of Shipbuilding and Engineering Unions.

Other issues dominating the agenda for the Llandudno meeting from June 24-27 include the shorter working week and demands for import controls to help revive manufacturing industries.

The Association of Scientific, Technical and Managerial Staffs accuses the Government of adopting "short-sighted" economic policies. It urges a change to approach before "irreparable" damage is done to manufacturing.

The Boilermakers' Society expresses "utmost concern at the alarming decline in our industrial base," in a motion which demands protection against unfair foreign trading practices.

It also urges resistance to any attempt to de-nationalise the shipbuilding industry or to hive off profitable sectors to private ownership.

It warns that "totally inadequate cash limits" and present credit financing arrangements put the industry at a disadvantage compared with international competitors.

APPOINTMENTS

New chairman at Derritron

Mr. Oliver Prenn has been appointed executive chairman of DERRITRON. Mr. R. A. W. Rudd, chairman, has become deputy chairman and Mr. G. P. Kelly remains on the Board as a non-executive director. Prior to the merger with Racal Electronics in 1969, he was deputy managing director of controls and communications. He joined the Board of Racal as deputy managing director, and in 1974 became deputy chairman. Vice-chairman of Celestion Industries from 1977, he took responsibility for Celestion's loudspeaker division in 1978. He retains this position.

★

Mr. Michael Steele, formerly managing director of Marwin Controls has been appointed managing director of MARWIN FLUID handling division comprising Marwin Filters, Marwin Controls, Marwin Foundry Units.

★

C. E. HEATH GROUP has made the following appointments: Mr. D. L. Organ has become an assistant director of C. E. Heath and Co. (International). Mr. M. A. S. Burbidge has been made an associate director of C. E. Heath and Co. (Reinsurance Broking).

★

Mr. C. R. T. Edwards, Mr. I. G. Salter and Mr. G. N. Kennedy have been appointed members of the STOCK EXCHANGE COUNCIL for the London unit.

★

DAVID DIXON AND SON HOLDINGS states that Mr. R. C. Calvert has retired as company secretary. Mr. R. A. Houghton, the group accountant, has been appointed company secretary in his place.

★

BARRATT SCOTTISH PROPERTIES, the property investment and development subsidiary of the Barratt Group, has appointed Mr. Neil G. Scott as development director and Mr. John Terry as commercial director.

★

ARTHUR MAIDEN has appointed Mr. David Dron to the Board as group sales director.

★

Mr. Anthony E. Luke has joined the Board of HABIT PRECISION ENGINEERING as a non-executive director.

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1000 mm x 2 mm x 5 Ton Coil
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920 mm x 2 mm x 2 Ton Coil
300 mm x 1.5 mm x 1 Ton Coil
36in and 48in Sheet Slitters
5) WIRE DRAWING MACHINES
6 Block, in line, variable speed (560 mm x 25 hp D.C.)
9 Block, non slip cumulative (610 mm x 25 hp A.C.)
8 Block, non slip cumulative (560 mm x 25 hp A.C.)
6 Block, non slip cumulative (356 mm x 7.5 hp A.C.)
Horizontal Drawblock variable speed (915 mm x 75 hp D.C.)
Horizontal Drawblock variable speed (456 mm x 15 hp D.C.)
Vertical Drawblock (2) variable speed (610 mm x 25 hp D.C.)
15 Die Cone type and Spooler, 4500 ft/min (2 machines)
9 Die Cone type and finishing block, 750 ft/min.
6) SHEARS AND GUILLOTINES
1220 mm x 25 mm Cincinatti Plate Shear
510 mm x 16 mm/50 mm x 50 mm PELS Scrap Shear
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£19m military camp in Abu Dhabi

MOTHERCAT'S associated company in the Lebanon, Contracting and Trading Company, has been awarded a £19m contract for the construction of two regimental campa for the United Arab Emirates armed forces at Suweihan, Abu Dhabi.

Mothercat has disclosed that work on the contract is now in progress with completion specified for the end of 1981.

Under the terms of the agreement with Contracting and Trading, operations will cover the construction of roads, infrastructure, buildings, parade grounds, training and sports facilities.

This project is similar to *work carried out previously* for two other camps, worth £13m, and also carried out by Contracting and Trading.

Sir A. McAlpine awards in north-west

FOUR contracts, totalling almost £3.5m bave been awarded to Sir Alfred McAlpine and Son (Northern).

For the North West Regional Health Authority, McAlpine is to build a 2,800 sq metre unit for the elderly severely mentally ill, together with associated services, walkway duct, pedestrian *link corridor* and external works, at Ormskirk, Lancasbire. Worth about £2m, this contract is due to be completed in 2½ years.

At Douglas in the Isle of Man, McAlpine is to build a multi-storey office extension to Victory House under a contract worth about £800,000 awarded by Molyneux Roche and Co.

Under another contract worth nearly £600,000 awarded by British Nuclear Fuels, McAlpine is to construct the main entrance to Windscale and Calder Works, Sellafield, Seascale, Cumbria, while at Penlen in North Wales, the company will carry out remedial works to existing rock faces for the proposed extension of the Ffestiniog Railway from Tan-y-Grisian to Blaenau Ffestiniog. The contract is valued at around £78,000.

Cubitts is kept busy at docks

OVER £1.8M worth of contracts has been won by Cubitts. The largest, worth £1.2m is for work at Devonport Dockyard.

Other jobs are for £270,000 worth of improvements to Weston-super-Mare Royal Hospital for Avon Area Health Authority (Teaching) and for a steel framed workshop and office annexe at the Royal Ordnance Factory, Patricroft, Greater Manchester (£390,000).

£11m John Lewis store

COMPLETION and fitting out of a new four-storey department *store* in Peterborough for John Lewis and Co., will be undertaken by Sir Robert McAlpine and Sons Project Management under an £11m contract.

Integral with the store proper, says this company, will be a high bay warehousing facility, and other features include the provision of four lifts and six escalators.

Work begins immediately and completion date is expected to be around December 1981.

This contract follows a similar exercise just completed in Milton Keynes for John Lewis.

£3m fitting-out contract

A *NEW* department *store* in Basingstoke, Hants, is to be fitted out under a £3m contract awarded to Bovis Construction by Owen Owen. Work is scheduled to start in June with completion expected 14 months later.

The store wbich bas threa floors, will provide abont 6,800 *sq* metres of retail *space*. Work will include suspended ceilings, floor finisbes and shop fitting, together with the installation of five escalators and two lifts plus mechanical and electrical services including comfort coolIng.

Architects are The J. Seymour Harris Partnership.

Rail work by Henry Boot

FIRST PROJECT undertaken by newly formed company Henry Boot Far East is the installation of track work at the Kowloon-Canton Railway's new maintenance depot at Ho Tung Lau in Hong Kong

This covers modernisation and *electrification* of the Britisb section of the K-C-R from its Kowloon terminal at Hung Hom to the Chinese border at Lo Wu and the contract is valued at £600,000.

Scheduled for completion by February 1982, job calls for the installation of some 11 km of track and 48 turnouts.

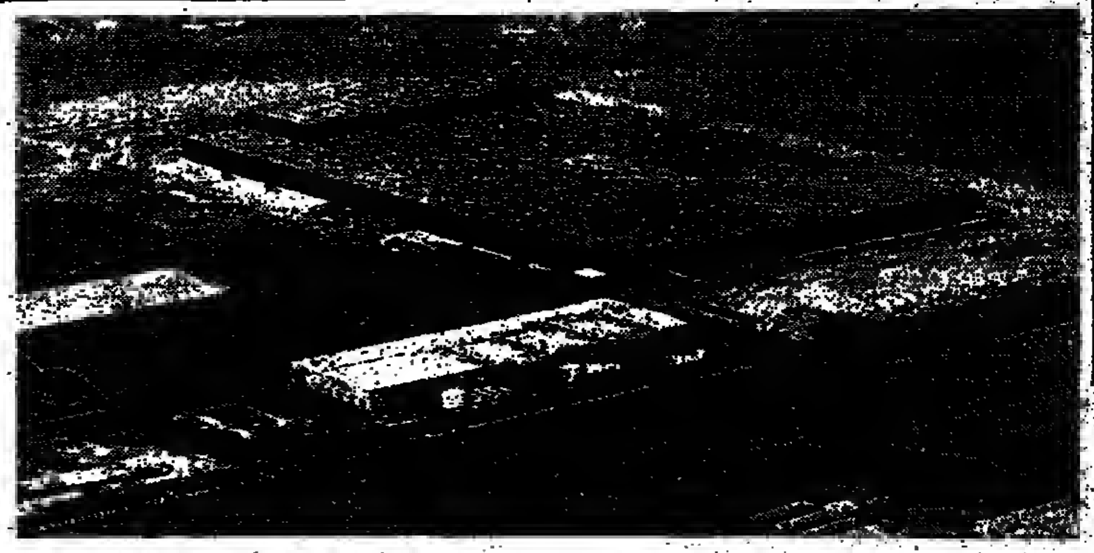
Company is already supplying and laying all trackwork for the entire 26.1 km double track main line and 30 km of connecting lines and sidings for the Hong Kong mass transit railway system.

In the UK, following completion of a £1m railway trackwork contract at British Rail'a Cricklewood, London, depot, Henry Boot Railway Engineering has now also been awarded a further £700,000 contract.

This latest contract involves taking up 6.6 km of trackwork and laying 4.7 km of new track, 33 turnouts and four crossovers.

This 38-week track modification is part of the construction of maintenance and servicing facilities at Cricklewood for the Midland suburban electrification scheme. Main contractor is Balfour Beatty Construction.

Other UK contracts received by Henry Boot inclnde a £1.3m *single-storey factory* for Smith-Clayton Forge in Lincoln, a £1.1m sewage treatment works extension at Bolton on Dearne, S. Yorks for the Yorkshire Water Authority, a £1.9m award for two warehonses at White City Industrial Park, Wood Lane, London W12 for the Arrowcroft Gronp and a £500,000 warehousing project on the Altens Industrial Estate, Aberdeen for London Transport Pension Funds.



Aerial view of the 60,000 square metre truck assembly hall at Leyland, Lancashire, *which was formally opened last week. The* main contractor was Holland, Hannen and Cubitts (Northern). Cubitts was responsible for the total complex, which inclndes the 342m long and 165m wide assembly plant containing a fully automated high bay warehouse section with an internal height of 15 metres, a two storey office block, canteen, medical centre and stores. Cubitts moved on to the green field site in the summer of 1971.

Modernising work

PROJECTS *IN* the private and public sector are worth over £3m to Wates wbicb start this month on a £1.6m contract for stages 2 and 3 of the modernisation of Hillview Estate near St. Pancras Station for the London Borongh of Camden.

Also for this client is a 30-flat modernisation programme costing £563,000 at Betterton Street, London WC2.

Work awarded by McDonalds comprises gutting and rebuilding existing premises at Westow Hill, Norwood and High Street, Penge, at a cost of about £700,000.

Reduces the noise

PARTITIONING with high sound rednction characteristics specifically designed for boardrooms, conference rooms and offices in government, military and other high security establishments where privacy is essential, is offered by Clifford Partitioning Company of New Malden, Surrey.

It is based on a double panel system with 19 mm cavity and glass fibre filling to achieve a sound reduction figure of 40 db over a frequency range nf 100-3,150 Hz.

A high density dry construction unit, Clifford's partition is believed to be the only one of its type that gives a flush, solid wall appearance, yet is fully demountable and allows space to be easily rearranged at low cost.

Based on a 1200 mm or 600 mm module, this timber frame partition is available with a variety of surface finishes according to fire resistance and flame spread requirements.

IN BRIEF

● Hamilton Brothers Oil and Gas, Aberdeen, will provide diving services on the Argyle Field to Oceaneering International Services. Contract is for a duration of two years aboard the Transworld 58 and will be carried out by Oceaneering using an eight-man dive team to provide both routine and specialist diving services for inspection, maintenance and repairs on the field's subsea completions, flowlines and buoy terminal installations.

● Wiltshire is to design and construct a new extension to Ecco Cold Stores in Tottenham Lane, Hornsey, which will be of steel frame construction using the FRIGOPANEL system of insulated cladding.

● Croudace Construction has won a £4m contract for a five-storey office block in Dingwall Road, Croydon for London and Cleveland Estates.

Big retail store jobs

FOLLOWING THE recent completion of a £1.5m superstore for the Harris Queensway group in Preston Town Centre, Styles and Wood announces that it is also fitting out a new 60,000 square feet store for International *Stores* at *Southport* under a £1.3m contract.

With the finish of a £1.3m retail store for Harris at Newton Heath, Manchester, the company is about to start now on a £½m warehouse extension on an adjacent site.

Treatment of sewage

EXTENSIONS TO the Wetherby Sewage Treatment Works in West Yorkshire have been entrusted, under a £1.1m two-year contract, to Tilbury Construction by the Yorkshire Water Authority.

The company will construct a new effluent pumping station and extend the existing works by providing reinforced concrete circular and rectangular tanks, screw pumping station, and all necessary piling. Contract also calls for associated buildings and mechanical plant, road works and, finally, landscaping.

Staff homes at hospital

TWO BUILDING contracts, one at Cambridge and the other at Newmarket, worth about £1.25m have been awarded to local contractor Rattee and Kett, part of the Mowlem Group.

The larger project, worth almost £670,000, is to build stage three of staff residences at Addenbrookes Hospital, for the East Anglian Regional Health Authority. It involves building an L-shaped block to complete a quadrangle of bedsitting accommodation previously erected by the company. The structure will bave five storeys and contain 120 rooms.

The design is by Cusdin Burden and Howitt, with Ove Arup and Partners as structural consulting engineers and Edmund Shipway and Partners as quantity surveyors.

At Newmarket, Tattersalls has awarded Rattee and Kett a contract to build an extension *containing* new offices and buffet with kitchen.

Architects K. M. Benbow, R. H. and R. W. Clutton are the designers and the consulting engineer is A. Firebrace.

Parts the curtains

AN AUTOMATIC curtain door for factories and warehouses, introduced by Cape Insulation Services, Bridge Road, Welwyn Garden City, Herts, is claimed to allow road and materials handling vehicles to pass into and out of building without causing the impact and friction damage and soiling which are unavoidable with static PVC strip floors.

The Cape Weiflex door, an electrically-operated PVC strip curtain, is claimed to allow the same speed of entry and exit as a static curtain door. Overlapping PVC strips are bung from an aluminium bousing and moved horizontally by a motor-driven chain. As the vehicle approacbes It triggers the drive motor, wblcb parts the curtains just long enough for the vehicles to pass through. The opening time can be adjusted between three seconds and 20 seconds.

The system is applicable to any door opening up to 6 metres high and 3 metres wide. Power is provided by a fractional borse power motor, while the 15 inch by 10 inch control unit is supplied through a standard 240 volt 13 amp socket.

Various control options are available—finger push button on the control box, pull switches near the door, radar, magnetic loops set in the floor, photo-electric switches, or band-held sonic wave transmitters.

Cape claims that the insulation, which is a Swedish invention, can be fitted in less than one day. Since there is no physical contact with the door, other materials than PVC, such as glass, glass fibre or aluminium, can be used.

Brickwork contest

OPEN TO projects completed during the three years ending December 31, 1980 for any type of building—either singly or in groups, for examplea of brickwork used in landscaping and for sculptural and decorative brickwork—are entries for the Brick Development Association's 1981 Architectural Awards Scheme.

Principal award will be presented to the best overall entry, and a plaque will be given to the owner for fixing to the project.

Entry form applications from BDA, Woodside House, Winkfield, Windsor (034 47 5651).

Testing the testers

EXAMINATIONS for the offshore industry'a new under water non-destructive testing qualifications are to be carried out at the Fort Bovisand Underwater Centre, Plymouth.

The new CSWIP examination (certification scheme for weldment inspection personnel) will provide the offshore industry with a universal qualification for proficiency in the use and theory of a wide selection of different types of underwater non-destructive testing equipment.

Responsibility for the operation is in the bands of the Welding Institute, Abington Hall, Cambridge CB1 6AL. 0223 891162.

Two awards to Mears

TWO CONTRACTS, together worth over £215,000 have been won by Mears. One, worth £115,000 is for an extension to Associated Lead Manufacturers' premises in Millwall, London, and the other £100,000 job is for two ontfalls for the Lappel Bank reclamation scheme at Sheerness Docks, Kent, for Medway Ports Authority.

This latter joh is being carried out by Mears as sub-contractor for its sister company Ham Dredging.

● Graham Wood Structural has received a contract in excess of £200,000 to provide structural steelwork for J. Sainsbury at a site in Tonbridge, Kent, where the main contractor is Willetts.

STEVEN BACKHOUSE & CO. LIMITED

We are sorry to announce that John B. Frost has decided not to re-new his contract with this Company and as from the 30th June 1980 will cease to be a Director and Employee.
Until a new appointment is made Roger O. Lewis will be the Director in charge of the London Office.
CHRONICLE HOUSE
72/78 FLEET STREET
LONDON EC4H 1HY
Tel: 01-353 8628

Notice of Redemption

ALUSUISSE INTERNATIONAL N.V.

7% Guaranteed Debentures of 1971 Due July 1, 1981

Notice is hereby given that pursuant to the provisions of paragraph 4 of the above described Debentures, a mandatory redemption of $ 4 949 000.– principal amount falls due on July 1, 1980. $ 460 00.– principal amount has been purchased by Alusuisse International N.V. and surrendered to Credit Suisse («The Trustee») in partial settlement of said mandatory redemption.

To complete the mandatory redemption, $ 4 489 000.– principal amount has been drawn by lot in the presence of a notary public at the Head Office of the Trustee on Friday, May 16, 1980. The amount each drawn for redemption at par on July 1, 1980, together with interest accrued to said redemption date, are listed below (in groups of consecutive serial numbers).

13	3313	6935/7	10226	14409/10	18131/3	20983	24271/80	27270	31431/4
16/7	3316	6991/8	10228/9	14531/40	18155/9	20985/90	24332/7	27471/80	31437/40
19	3322/30	7071	10241/50	14711	18181/8	21041	24361/70	27581/90	31491/7
62/8	3340	7101	10252	14716/7	18230	21073/80	24411/20	27591/5	31499/500
131/3	3371/80	7119/20	10259/60	14724/6	18241/4	21081/90	24571/5	27600	31511/20
225	3381/3	7126	10280	14730	18331/40	21091/100	24591/3	27601/5	31616/7
233/4	3389/90	7129/30	10323	14841/3	18341/50	21133/40	24596/600	27614/20	31788/90
244/6	3393	7131	10327/9	14849/50	18381/90	21141/50	24641/4	27621/30	31791/800
251/7	3395/400	7138	10343	14914/20	18501/10	21151/60	24647	27742	31801/10
260	3401/4	7140	10346/8	14931	18601/10	21161/70	24850	27746	32061/70
301/2	3471/2	7141	10376	14937/40	18741/50	21251/80	24738/40	27841/50	32071/80
309/10	3474	7143/7	10380	15091/5	18751/60	21291/300	24773/4	27861/70	32091/2
321/2	3479/80	7163	10410	15102/5	18761/70	21331/40	24778/80	27901/3	32098/100
329/30	3541/5	7193/4	10436	15108	18771/80	21524/5	24822	27906/10	32103/10
392/7	3548/50	7197/9	10452/4	15201/5	18791/6	21633/5	24828	28107	32161/70
436/40	3572	7281/2	10456/8	15331/40	18821/3	21665	24830	28143/4	32171/6
501/2	3574/80	7286	10537/8	15361/70	18825	21741/50	24864/9	28161/70	32182/90
506/10	3708/10	7289/90	10585/7	15371/80	18841/3	21761/70	24880	28171/5	32191/200
571	3731	7361/70	10695/6	15411/20	18853/60	21771/80	24881/2	28211	32231/5
586/7	3733/4	7371/80	10761/2	15431/40	18889	21781/90	24921/2	28213/6	32238/40
590	3738/40	7441/50	10822	15441/50	18893	21831/40	24925/6	28334/5	32251
591	3771/5	7471/5	10825/9	15477/9	18898	21902	24926/30	28341/50	32253/60
593/600	3777/80	7621	10841/50	15530	18907/10	21907/10	24931/7	28433	32301/10
705/9	3926	7628/30	10851/9	15541/4	18925	21911/2	24939/40	28436/8	32381/5
754/60	3936/40	7631/3	10878/80	15548	18967/8	22043/4	25023	28444/5	32415
761/3	3955/60	7651/3	10967/70	15591/2	18990	22048/9	25027/30	28447/50	32420
768	3961/7	7659/4	11111	15594/7	19001/2	22113/5	25191/200	28451/2	32431/40
777	3971	7707/10	11268/70	15599/600	19005	22117	25201/10	28457/9	32501
911/2	4164/5	7711/2	11491/3	15601/3	19056/60	22119/20	25231	28601/2	32504/7
916/7	4168	7718	11498	15606/10	19086/90	22121/3	25233/6	28641	32591/4
970	4284	7802/5	11503/5	15735/40	19116/8	22125/30	25251/5	28644/8	32596
1013/4	4287/8	7809/10	11511/9	15741/9	19121/30	22161/70	25258/60	28776/80	32603
1231/7	4290	7930	11586/90	15775/80	19133	22238	25281/3	28781/3	32687/90
1427	4343/5	7931/5	11686/8	15781/90	19136/40	22240	25287	28785	32691/700
1465	4363/5	7938	11911/4	15806	19175	22303/10	25303/6	28801/4	32701/8
1738/40	4388/90	7966/7	11831/3	15818	19177/80	22311/5	25309/10	28808/10	32789/90
1744/7	4459/60	8017/8	11901/10	15824	19181/90	22319	25311/7	28991/9000	32811/20
1901/10	4591/3	8025/6	11946/8	15829/30	19191/200	22337/9	25380	29006/10	32841/50
1911/20	4599/600	8039/40	11971	15834/40	19216/8	22361/3	25381	29011/20	32851/60
1951/8	4601/3	8099/100	11979	15962/5	19227/8	22422/6	25456/60	29061/70	32921/30
1964/5	4841/2	8101/7	11991/7	15967/80	19230	22484/5	25461/4	29141/7	33051/5
1968	5032	8113/5	12017	16011/20	19309/10	22489/90	25466/7	29205/7	33058/60
1981	5113/20	8291/2	12020	16021/7	19428	22603/4	25523	29220	33076/80
1983/90	5121/8	8299	12021/30	16030	19441/50	22609/10	25525/9	29281/90	33531/40
1991/3	5130	8461/4	12061/70	16051/8	19461/70	22644/50	25563/60	29301/10	33541/9
1999/2000	5131/2	8481	12071/80	16061/4	19496/500	22652	25571/80	29321/30	33711/7
2051	5134/40	8492/500	12291/300	16083	19542	22654/60	25661/70	29341/5	33726/30
2059	5141/50	8515/7	12371/80	16101/2	19544/6	22661/70	25671/80	29431/5	33731/40
2089	5181/90	8524/7	12381/90	16109/10	19549/50	22691/700	25681/90	29526/8	33751/60
2093/5	5191/200	8544/6	12421/30	16111	19623/30	22701/10	25819/20	29591	33761/70
2098	5201/10	8619/20	12441/50	16113/8	19651/60	22721/80	25831/40	29602/6	33771/80
2103	5221/30	8644/50	12451/60	16141/50	19701/10	22741/50	25901/5	29626/30	33791/800
2109	5231/40	8651/2	12501/10	16187	19761	22751/4	25907/9	29644	33811/20
2121	5271/80	8792/6	12511/20	16190	19767	22764/70	25963/4	29646/50	33821/30
2125	5281/90	8801/10	12521/30	16205/8	19770	22771/80	25971/6	29651/2	33831/40
2127	5291/300	8811/8	12531/40	16224	19772/3	22797/8	25996	29656	33841/50
2181/2	5321/30	8911/3	12541/50	16245	19792	22813/5	25999/6000	29666/8	33851/60
2190	5331/40	8923/4	12551/60	16250	19851/60	22820	26011/5	29670	33861/90
2191	5341/50	8927	12571/80	16342/3	19861/70	22857/60	26022/4	29676/80	33921/30
2197	5351/60	8981/4	12581/90	16362/70	19901	22882/3	26028/30	29731/4	33971/80
2291/4	5463/5	8990	12591/600	16413/8	19905	22888	26031/40	29740	33991/4000
2296/300	5597/600	9001/10	12601/10	16423	19972/80	22890	26205/7	29771/80	34011/20
2301/2	5619	9021/8	12611/20	16426/30	20091/4	22931/3	26211/5	29881/90	34021/30
2309/10	5641	9039	12621/30	16431	20097	23021/4	26220	29901/10	34101/10
2316/9	5643/8	9103/10	12661/70	16684/90	20144/5	23041/3	26221/4	29976/8	34126/30
2324/7	5701/10	9111/6	12711/20	16691/4	20161/5	23138	26226	30036/40	34131/40
2330	5731/9	9155/6	12741/50	16697/8	20168/9	23148/9	26241/4	30201/9	34191/200
2342/50	5831/40	9180	12791/800	16705/6	20196/200	23158/9	26263/6	30281/90	34221/30
2351/60	5841/50	9270	12901/10	16737/8	20271/80	23161/6	26269/70	30466/70	34311/20
2361/8	5851/60	9271	12911/20	16807	20281/90	23194/6	26436/8	30471/80	34321/30
2461	5861/70	9276/80	12981/90	16961/4	20301/10	23325	26451/9	30481/90	34341/50
2468/70	5881/3	9301/7	13061/80	16967	20444/8	23351/2	26471/80	30491/5	34396/400
2482/5	5890	9370	13141/50	16973/4	20450	23355/60	26481/90	30506/10	34431/40
2487/9	5891/900	9371	13181/4	17031/40	20451/4	23461/70	26491/500	30601/9	34441/50
2561	5901/10	9380	13193/200	17054/60	20456	23471/6	26543/5	30614/5	34495/500
2567	5911/20	9401/4	13201/10	17298/300	20532/3	23756/8	26609/10	30618/20	34501/10
2573	5921/30	9407	13271/80	17325/30	20535/40	23771/2	26621/5	30621/5	34511/20
2588	6051	9410	13351/60	17526	20641	23775/9	26671/80	30686/90	34521
2711	6056/7	9412/3	13371/80	17578	20646/7	23803/8	26704/5	30701/10	34525/30
2720	6080	9417/8	13537/40	17614/5	20649	23851/5	26751/4	30766/70	34643/6
2994/8	6134/40	9501/7	13591/600	17701/5	20711/5	23861/4	26756/7	30816/8	34648/9
3003/8	6172/3	9535	13620	17708/10	20733/5	23870	26791/5	30905/10	34711/20
3034/7	6176/80	9537	13660	17711/20	20737/8	23874	26831	30961/70	34781/7
3122/3	6233/4	9542/50	13715/20	17721	20743	23891/3	26839/40	30981/90	34821/30
3126/30	6300	9551	13825/30	17729/30	20748	23901/3	26981	30991/1000	34891/900
3201/10	6376	9556/7	14020	17766/70	20751	23909/10	26991	31021/30	34901/10
3211/20	6386/7	9590	14156/60	17772/6	20757/8	23911/2	26997/7000	31091/100	34971/80
3231/5	6411	9684/7	14193/4	17784/5	20802/3	23933/4	27011/20	31121/30	34981/90
3238/40	6515	9670	14199	17893/5	20812/6	23942	27040	31151/60	
3241/2	6519/20	9754	14236	17897	20826/9	24014/6	27043/50	31341/50	
3249/50	6521	9756/60	14265/9	17899/900	20838/40	24032	27051/60	31351/60	
3257/60	6530	9857	14280	17925	20841/4	24034/40	27131/5	31361/5	
3266/70	6541/2	9868/70	14281/2	18011/4	20853	24076	27140	31367	
3271/7	6546	10044/8	14345/8	18017/20	20891	24105/8	27171/80	31391/400	
3301/2	6603/10	10060	14359/60	18021/3	20897/900	24110	27191/200	31411/20	
3310	6781/2	10147/9	14375/6	18028	20901/10	24166/70	27251/60	31421/2	
3311	6931/2	10151/2	14378/9	18055/9	20911/7	24256/60	27261/5	31426/30	

The Debentures specified above will become due and payable on July 1, 1980, and upon presentation and surrender (with all coupons maturing after July 1, 1980) will be paid at the principal office of Bankers Trust Company in New York or at any of the offices located in Switzerland of Crédit Suisse, Swiss Bank Corporation and Union Bank of Switzerland, and at the principal offices of Amsterdam-Rotterdam Bank N.V. in Amsterdam, Société Générale de Banque S.A. in Brussels, Deutsche Bank Aktiengesellschaft in Frankfurt am Main, Crédit Suisse White Weld & Co., Limited in London, Banca Commerciale Italiana in Milan, Société Générale in Paris, and Banque Générale du Luxembourg in Luxembourg City.

On and after July 1, 1980, interest on the Debentures specified herein will cease to accrue.

Zurich, June 16, 1980

CREDIT SUISSE
as Trustee

CONTRACTS AND TENDERS

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

MINISTRY OF COMMUNICATIONS

INVITATION FOR TENDERS

ELECTRICAL EQUIPMENT OF RIYAN AIRPORT

The government of the People's Democratic Republic of Yemen assisted by the Kuwait Fund for Arab Economic Development is building a new airport at Riyan, approx. 500 km east of Aden, according to international standards. For realising this the government of the PDRY desires to invite tenders for the supply, erection, completion and commissioning of a power station and exterior lighting facilities with the pertaining cable and ductwork for the new Riyan Airport, located 35 km east of AL-Mukallah in the Hadramaut Province, PDRY.

Description of Work:

3 diesel generating sets of a capacity of 260 KVA each, 220/380 V, 50 Hz including controls, main switchgear, etc. etc.

10 floodlight masts, 20 m height including lights

54 road lighting units, 8 m height including lamps

2 building mounted luminaires

Delivery and installation of required cables for power supply and exterior lighting.

Tender and contract documents are available in Aden against payment of US$200 from the office of the Director General of Civil Aviation after the 1st July 1980.

Tenders must be submitted in sealed envelopes to:

Ministry of Communications, Department of Civil Aviation,
P.O. Box 424, Khormaksar,
ADEN,
People's Democratic Republic of Yemen
Tlx. 285 ad

not later than 15th August, 1980

Director General of Civil Aviation
ADEN, PDRY

INVITATION TO BID NO. 541-80

FORTUNA PROJECT

SUPPLY AND ERECTION OF DAVID-FORTUNA TRANSMISSION LINE AND FORTUNA SUBSTATION AND FURNISHING EQUIPMENT FOR ADDITION TO PANAMA SUBSTATION

Proposal for Public Bid No. 541-80 "Supply and Erection of David-Fortuna Transmission Line and Fortuna Substation and Furnishing Equipment for Addition to Panama Substation for the Fortuna Hydroelectric Project" will be received until exactly 09:00 o'clock (9:00 a.m.) in the morning of September 19, 1980, at IRHE's Training Room located on the third floor of the Poli Building, Cuba Avenue between 26th and 27th Street, in Panama City, Republic of Panama.

The Bid consists of three (3) schedules of prices:

1. **Schedule A**
   Supply and Erection of David-Fortuna 230 kV. Double Circuit Transmission Line, between David Substation and Fortuna Substation, approximately 38 km (24 miles) long.
2. **Schedule B**
   Supply and Erection of 230 kV Fortuna Substation with six (6) circuit breakers, two (2) outgoing lines to David, and three (3) 230 kV cable circuits connecting to three (3) transformer-generators; and furnishing and delivering electromechanical equipment and structures for Panama Substation to connect a new 350 MVA, 230/115 kV autotransformer.
3. **Schedule C**
   Furnishing, Delivering and Supervision of Erection of one (1) 350 MVA autotransformer for Panama Substation.

IRHE has received the Loan No. 1470-PAN from the International Bank for Reconstruction and Development in various currencies equivalent to forty-two (42) million U.S. Dollars (U.S.$42,000,000) towards the foreign cost of the Fortuna Project. It is intended that proceeds of this loan will be applied to payments of foreign costs under the contract for which this Invitation to Bid is issued.

These costs will be eligible for disbursement from the loan in the currency of the country of the contractor and/or in U.S. Dollars. In addition, if substantial portions of the goods and services originate in countries other than that of contractor's country of origin, the contractor may quote these costs in the currencies of the countries from which such goods and services originated.

Consequently, the only acceptable bid proposals, for contractors and goods and services will be those from country members of the International Bank for Reconstruction and Development, IBRD, and Switzerland.

All proposals must be made according to the laws of the Republic of Panama and the guidelines for procurement under World Bank Loans, as detailed in the bid documents.

Said documents, as well as maps, drawings, specifications and Bid forms, may be inspected at IRHE's offices, Design Department, Poli Building, Cuba and twenty-seventh (27th) Street (Attention: Ing. Ricardo E. Vasquez) or at Chas. T. Main Offices located at Southeast Tower, Prudential Center, Boston, Massachusetts 02199, United States of America (Attention: Mr. R. N. Fenno), or at Panamanian Embassies in the United States of America, France, Italy, United Kingdom, Sweden, Federal Republic of Germany, Brazil, Spain and Japan.

The complete set of documents may be obtained only at the offices of IRHE in Panama, Purchasing Department, Poli Building, Second Floor, Justo Arosemena and twenty-seventh (27th) Street, or at the offices of Chas. T. Main, Boston, Massachusetts, after a non-refundable payment of two hundred U.S. Dollars (U.S.$200) per set.

ARQ. EDWIN E. FABREGA
Director General.

May, 1980.

SOCIETE CENTRALE DE BANQUE
French "Société Anonyme"
Capital: FF 43,000,000
Head Office
5, boulevard de la Madeleine, PARIS (France)
Commercial Register: PARIS B 552 040 544

SECOND NOTICE TO HOLDERS OF FLOATING RATE NOTES 1979-1987 OF US$1,000 EACH

[illegible]

The Board of Directors.

SOCIETE GENERALE ALSACIENNE DE BANQUE
SOGENAL
French "Société Anonyme"
Capital: French Francs 144,000,000
8, rue du Dôme, STRASBOURG (France)
STRASBOURG B 548 501 311

SECOND NOTICE TO HOLDERS OF FLOATING RATE NOTES 1979-1989 OF US$1,000 EACH

[illegible]

The Board of Directors.

CANADIAN PACIFIC LIMITED

DIVIDEND NOTICE

ORDINARY CAPITAL STOCK

[illegible]

PREFERENCE SHARES

[illegible]

Vice-President & Secretary.

Montreal, June 5, 1980.

EUROPEAN INVESTMENT BANK

7¼% 1972/1987 LOAN OF

[illegible]

June 16, 1980.

Why can't anyone overtake the Cortina?

Many a car has challenged the Cortina.

Many a car has fallen by the wayside.

Why is it that no one can even approach its popularity, let alone overtake it?

It's a question of balance.

You might find one car that can match its speed, or another that can match its space, but when you look at the whole picture – fuel economy, service costs, parts, insurance, depreciation – no car is quite so completely satisfying.

That's the genius of the Cortina, and the engineers who designed it.

It's fast but it isn't thirsty.

It's economical to run, but it isn't dull to drive.

It handles well, but it doesn't have a hard uncomfortable ride.

As a piece of engineering it's perfectly balanced.

Who can keep up with it?

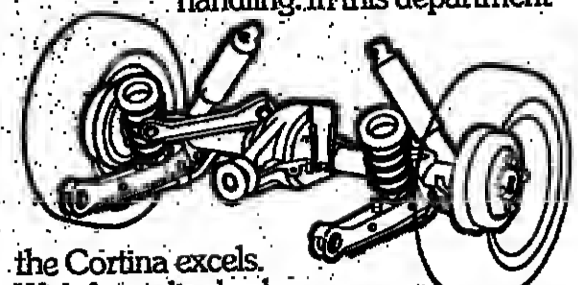
By no means everyone. The Cortina has more than enough acceleration to overtake quickly and decisively on country roads. And to cruise effortlessly at motorway speed limits.

	Max speed (mph)*	0–60 (secs)*
Cortina 1300 single venturi	87	16.1
Cortina 1600 single venturi	94	12.7
Cortina 1600 twin venturi	101	10.9
Cortina 2000 twin venturi	105	9.8
Cortina 2300 twin venturi	109	9.6

*Ford computed performance figures for manual transmission saloon.

Speed isn't everything

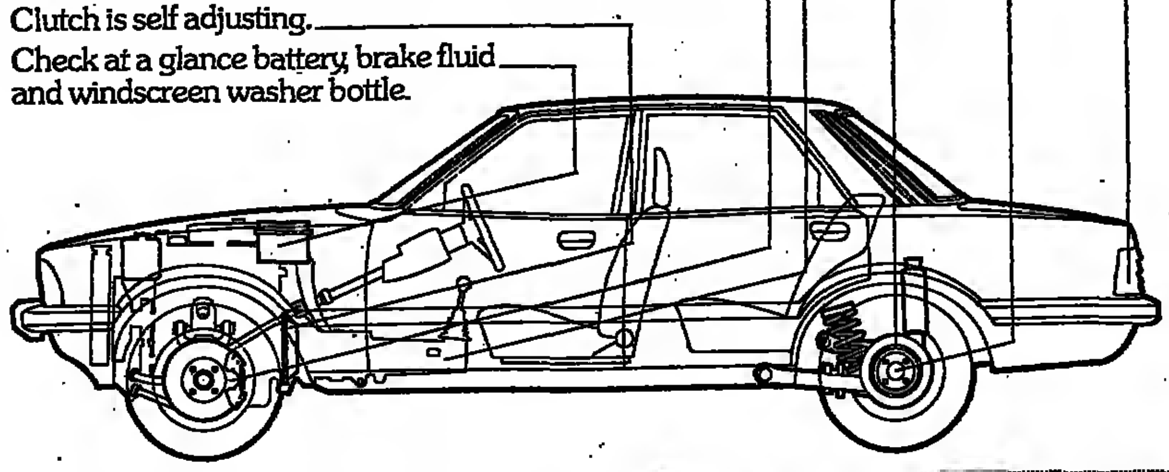
It's no use having a high top speed if it isn't balanced by safe, predictable handling. In this department



the Cortina excels. With front disc brakes, heavy duty front anti-roll bar, and rear gas shock absorbers standard on all models. There's an optional 'S' pack to give sports car handling characteristics for the enthusiast.

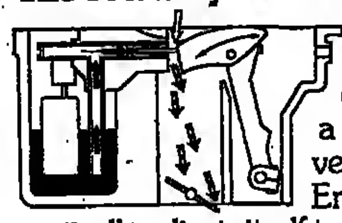
Taking some of the labour out of servicing.

Bulbs can be changed without tools.
Wheel bearings need no maintenance.
Brakes are self adjusting.
Axle and gear box oil doesn't need changing.
Brake wear can be checked without removing wheels.
Clutch is self adjusting.
Check at a glance battery, brake fluid and windscreen washer bottle.



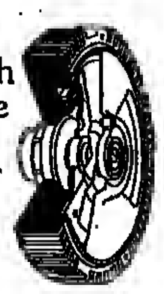
The Cortina only needs a full service once every 12,000 miles, with a minor service every 6,000 miles. Ford parts are moderately priced and the dealer network covers the country. How many cars of this size cost as little to keep on the road?

The economy carburettor



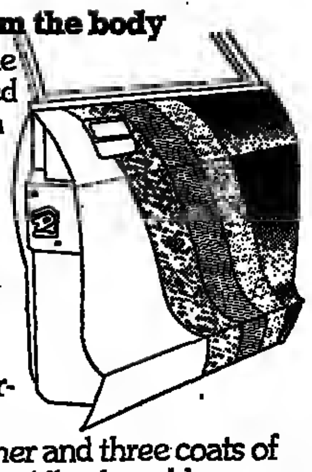
Ford have developed a new carburettor with a single variable venturi. In plain English, this automatically adjusts itself to provide the most economical fuel/air mixture whether you're stuck in traffic or cruising on the motorway.

The economy fan



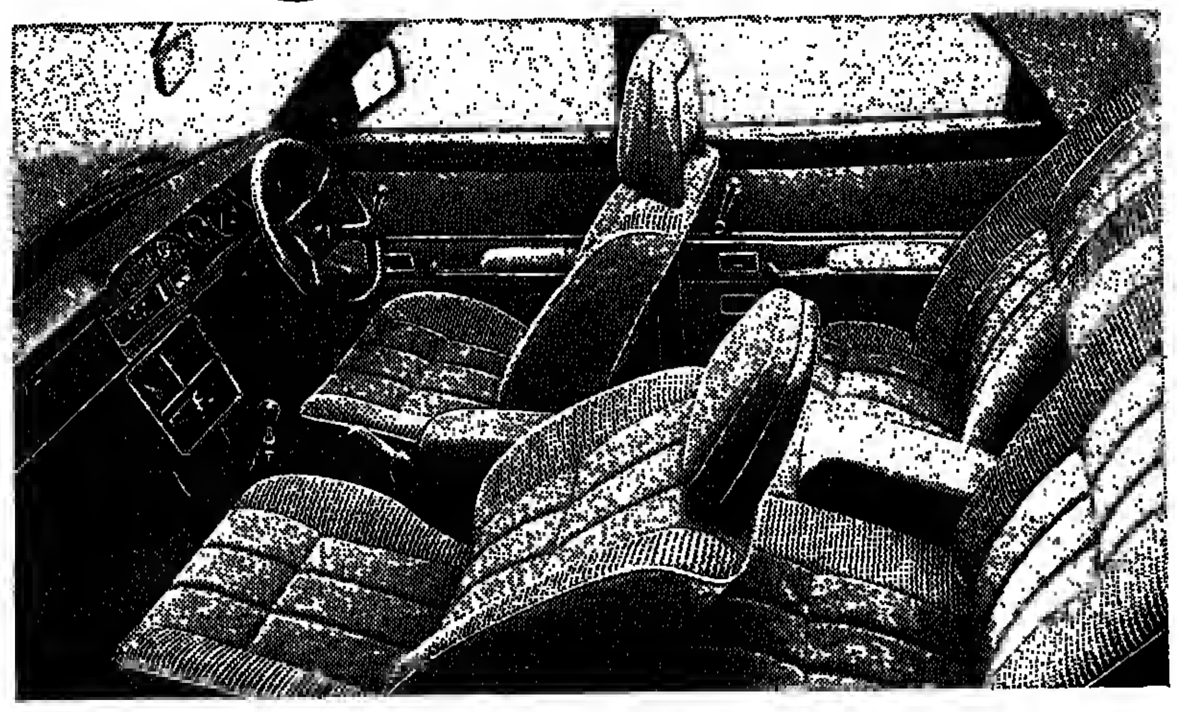
All Cortinas are fitted with viscous coupled fans. When the car is going fast and there is enough air to cool the radiator by itself, the fan disengages. As a fan can consume as much as 5 horse power, this saves petrol and improves performance. The fan also helps the car warm-up faster in the morning, because it doesn't cut in until the engine is hot.

Keeping rust from the body



First the whole body shell is washed in an alkali solution and coated with zinc phosphate. Then it's totally immersed in anti-corrosive paint, using an electro-coating process to ensure 100% coverage. Then it gets a further coat of primer and three coats of tough enamel paint. All vulnerable areas like box sections and the insides of the doors are injected with wax. The wheel arches and vulnerable underbody areas are treated with chip resistant PVC coating. And the rear silencer is aluminised.

The Cortina is built to last.

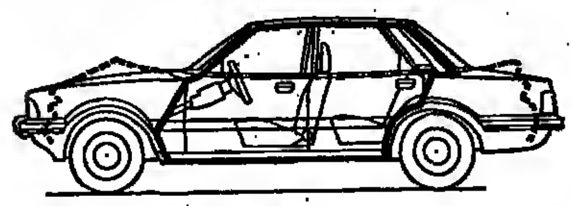


How many cars are this well equipped?

The specification of the Cortina Ghia includes: **1** Remote control door mirror. **2** Cut pile carpeting. **3** Rev. counter. **4** Cigar lighter. **5** 3-speed heater fan. **6** Illuminated heater controls. **7** Two speed wipers with intermittent wipe and electric wash. **8** Centre console with radio/stereo cassette and quartz clock. **9** See through head restraints with detachable cushions. **10** Durham/crushed velour seat fabric. **11** Front and rear seat arm rests. **12** Tinted glass. **13** Trip recorder.

Safety is built in

The Cortina protects you in a rigid steel cage, while the bonnet and boot are designed to crumple progressively and absorb the impact in the event of a collision.



Favourable terms

At last supply equals demand. So if you buy a new Cortina before the end of June, your Ford dealer is in a position to give you very favourable terms. Why not drop in and see him and get the full story.

Share in Ford's success

Range and prices. Cortina 1300 £3741. Cortina 1300 L £4080. Cortina 1600 LS £4737. Cortina 1600 GL £4933. Cortina 2000 GLS £5351. Cortina 1600 Ghia £5663. Cortina 2000 Ghia S £5902. Cortina 1600 Estate from £4530. The car illustrated is the Cortina Ghia.
Maximum prices as at 2nd June, 1980. Seat belts, car tax and VAT included. Delivery and number plates at extra cost.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Short-circuiting some of those micro myths

BY CAROLYN HAYMAN

THERE HAVE been many false dawns to the age of automation. In the 1930s, for instance, e popular science journal ran an articlo hoedlined "Thirty million out of work in 1933 — or $20,000 a yoar income for every family — Whicb?". The article portrayed the arrival of the wireless both as a threat to thousands of jobs in the piano business, and as the foundation of an entirely new entertainment industry with a massive potential for creating new wealth and jobs."

Concern about automation seems to ebb and flow on a roughly 20-year cycle—the mid 30s, early 50s (whon "Player Piano," a novel by Kurt Vonnegut, crystallised fears of a world in which only 10 per cent of the population would have work) and the late 70s, apparently owing more to the periodicity of intellectual fashion and the state of the economic cycle than to technological developments.

So the first question that the secptical reader will put to a book whose title contains the key-words "silicon," "revolution" or "micro" is—wby should anyone believe these predictions of massive change, when so many pundits bave cried Wolf in the last 50 years?

Peter Laurie ** makes perhaps the boldest claims for the microprocessor aod microelectronics in general. His introduction begins, somewhat inelogantly, "This book is about a completely new thing in man's collective experionce." The development of computing power is seen as of equivalent importance to the invention first of language, then of writing. The author has anticipated that somo readers may find this elaim hard to swallow, bnt his rbetorical question "Can the author justify his claim?" is answered only with "Maybe, maybe."

In fact the book is at its weakost in handling the social and economic consequences of the micro revolution, which are tacked onto the end of a chapter dealing mainly with robotics and artificial intelligence. Adopting the much-publicised assertion by Professor Tom Stonier of Bradford University that the UK's material needs will be supplied by only 10 per cent of the population in AD 2010, he blithely reduces this again by a factor of 30, or, on an afterthought, 300, giving a working population of some 15,000, or one eighth of the present size of the police force.

In between coping with the unprecedanted lovel of civil unrest that is predicted, this minute workforce would still hava to carry out such as yet unantomatable tasks as entertainment, bairdressing and midwifery.

The strength of the book, for those who can stomacb the whimsical tone, lies in the author's attempt to givo the completely lay reader an understanding of tho key technical features of microelectronics, both hardware and software. Readers who bave been puzzled by phrases such as "bus architecture," or wbo want a very rough feel for the difference botween compnter languages such as COBOL and ALGOL will find this book valuable. Given that this is its main strength, a glossary would have been a useful addition, although tha index is good.

The claims made in "The Silicon Civilisation" by Burkitt and Williams (the latter writes for the Financial Times) are more modest, though their introduction begins on a highly lyrical nota: "A mysterious force has come into our lives, working silently, screened from the buman eye, and understood by only a tiny few."

Historical canvas

After this, however, the tone sobers up considerably. Whereas Laurie empbasises the discontinuity between microelectronics and what preceded it, Burkitt and Williams are rightly concerned to show how both the technology and the industry have developed over the past century or so.

This makes it an unusual book in the field, and a useful reference source. But otherwise it seems to fall between two stools. On the one hand, although there is some discussion of the technical aspects of microelectronics, it is scattered throughout the book, and, though more compact it is considerably less comprehensive than Laurie's.

On the other, although it touches on a very wide historical canvas, (in an extremely discursive style) the treatment of this is seldom original and in some cases banal. Examples are: "It is sad to think that Babbage must bave died e very frustrated man." (He conceived a prototype computer in the mid-nineteenth century, but was unable to make it operate efficiently.) And "as the nation transferred its attention to the radio, family entertainment in the bome changed form. Parents and children alike sat passively listening to music or plays when previously they would have been gathered around the family piano or reading by the fireside."

Finally, although the discussion of the application of microelectronics is extensive it is badly organised, with compnter privacy mentioned only once, in the chapter on automation in industry, and with word-processors discussed twice, but not in the chapter on the electronic office.

It is often said that anything which will emerge over the next 15 years as an important technical development already exists in the lab. This has a corollary, less often recognised, that anything that will manifest itself over the next 15 years as an important change in social behaviour is likely to be around in some circles already. Peter Large, like the other authors a *journalist, has taken* the most convincing approach to the question which was posed at the beginning of this review. He minimises speculation by analysing the various effects that microelectronics has already begun to have.

The list he comes up with may seem rather insignificant in comparison with his opening scenario, which has a "Jane Babbage" (that name again!) working not from home (which no doubt will have become passe by 1990) but from a Cornish beach. But it nevertheless provides a better and more convincing guide to the future than any amount of speculation.

There are, for instance, evident implications for the international division of labour in the fact that nearly half of the technical gradnate staff and 70 per cent of tho PhDs at Intel are from Taiwan, Israel, India and Pakistan. Another example lies in the statistics Large cites on computer crime: if there were over 500 major cases in the 1970s, will current police methods be able to cope in the 80s and 90s when the numbers of businesses using compnters will have greatly increased?

But Large is also open-minded enough to mention the signs which suggest that the changeover to electronic methods will be relatively slow—for instance that tho real value of transactions made in cash in the U.S. is still increasing.

In essence this is not a book about microelectronics—there is little explanation of the technology as such, except for a brief discussion at the end about future developments — but rather about social change resulting from microelectronics.

Working to live

Large's conclusions are not particularly well argued — not everyone will agree that "A world in which we no longer worked to live, and only lived to work if we wanted to, might destroy every power base and potential power base" — and some might argna that we bave been in just such a world for some time. But, as a description of the degree to which innovations which have been discussed for decades are now being put ito use, the book is informative and well-balanced.

**Wasn't the future wonderful? by Tim. Onosko. Dutton (New York), $9.95*
***The Micro Revolution, by Peter Laurie. Futura, £1.50*
****The Silicon Civilisation, by Alan Burkitt and Elaine Williams. W. H. Allen, £6.95*
*****The Micro Revolution, by Peter Large. Fontana, £1.50*

Carolyn Hoyman, joint author of the Central Policy Review Staff report on microelectronics, is now a member of the systems research team at Urwick Nexos, a new office technology consultancy.

The re-education of China's managers

BY BOB GARRATT

If China is to succeed in its aim af more than tripling per capita income over the next 20 years, industrialisation will have to proceed apace. This obvious truth was recognised from tho very start of the post-Mao "period of economic re-adjustment," as it is euphemistically known within the People's Republic. But it took rather longer for the realisation to strike home that industrialisation could only be snecessfully accelerated if the stylo and techniques of industrial management in China were radically reformed and "professionalised."

Last Friday's Management Page examined current progress towards this objective, through the cases of two sharply contrasting factories in Shanghai: the State-owned Machine Building Factory, and the Jiang Wan Commune. Today the leader of one of the first western delegations to meet the new Chinese Enterprise Management Association, looks at a vital link in the chain: the flowering of management edncatian in China.

VERY CLOSE to Jiang Wan Commune, in North East Shanghai, lies Fu Dan University, one of China's top half dozen seats of learning. Two years ago its Faculty of Economics established a School of Management, and last summer it took in its first 40 students.

Return 'from the fields'

In common with both central government and the directors of state factories, the teachers at Fu Dan's School of Management accept that if the government's target of $1,000 per head by the year 2000 is to be achieved, Chinese industrial and commercial organisaions are going to need many more professionally trained managers as soon as possible. Not only will more graduates have to be trained in management, but many existing managers must be re-trained.

Many of the present directors and senior managers in Chinese enterprises have risen through selection by fellow workers, rather than by state appointment. During the ascendency of the Gang of Four this process was often more concerned with political acceptability, personal charisma, or Stakhanovite efforts, than with the ability to comprehend the enterprise as a total system needing to survive in a turbulent world.

As the State / enterprise balance moves more towards the enterprise, these directors are in need of re-ednčation. Pressure on them is being increased by the return "from the fields" of directors and managers who were disgraced under the Gang of Four.

These rehabilitated managers are often intellectually more able than the existing staff, very keen to get back into the saddle, yet rather out of tonch with technical and organisational developments. So both groups of directors, worker-orientated and rehabilitated, are demanding urgent belp from the new university schools of management.

To cope with this and the perceived need to ensure that young cadres are ednčated in the modern manner, Fu Dan management school is following the general Chinese strategy for developing management education by concentrating on two key areas — directors; and under- and post-graduates.

At the moment all programmes are tanght courses, with the directors taken out of post for up to two years before returning, and the graduates attending full-time for three or four years.

With the country's continuing emphasis on macro-economics it it not surprising to find that particular stress is laid at both levels on economics—particularly political economy, modern industrial economics, accounting and statistics (including operational research and mathematics); control and management *information systems*, especially computer-based systems; and "modern management," especially the organisation of individual enterprises.

The latter is only just beginning to be studied and it is admitted that little is presently known by western standards but onr hosts proved very keen to learn.

It is accepted at Fu Dan that the dissemination of new ideas on the management of individual organisations, and on the relationships between macro and micro-economics, will take somo time to percolate through the 8,800 enterprises in the Shanghai area. Even key educational institutions like Fu Dan will have problems coping with the huge numbers who need the new education. It is already accepted that middle-management—that essential fire-fighting and resource equalisation mechanism—will not ba tonched by them for many years.

Action-based learning

It was to halp plug the middle-management gap, by facilitating the "sharing of experiences" between anterprises, that the Chinese Government launched tho Chinese Enterprise Management Association in March 1979 as a wing of the State Economic Commission.

The Association brings togather managers, academics and civil servants to support and criticise each other's ideas and *actions in much the same* way as tha Association of Teachers of Management, and parts of other professional management organisations, do in Britain. Its Shanghai branch is already helping to disseminate best practice through conferences and seminars, and is now experimenting with radio and TV programmes to reach as wide an audience as quickly as possible.

One notable curiosity is that the new educational approach tends to concentrate on teaching-based activities. To Europeans just getting used to the action-based processes of management learning which are growing rapidly in the West, it *was perplexing to find* that the strengths China has developed in action-learning—what Mao called "fighting warfare with warfare"—seem all to have been dismissed as a remnant of the Gang of Four. It will be interesting to see bow long it is before the approach is rediscovered as a key element of managerial learning.

BUSINESS PROBLEMS
BY OUR LEGAL STAFF

Struck off company

Our company which owned a piece of land was struck off the Register following the failure to file annual returns. We now want to sell this land for the same sum as was given for it. The purchasers do not object to a conveyance from the company as vendors, though they know it has been struck off. Is it in order for the conveyance to be sealed by the struck off company?

It is not possible for the sala to be effected until the company is restored to the register. This can be done on a petition to the Companies' Court. You should consult a solicitor with a view to having the necessary machinery set in motion.

Self-employed taxation

On January 2 I began self-employment as a writer in the sense that I actually began writing in addition to incurring expenses for stationery, etc. So far I have earned nothing from this source. On March 21 I was promised work by a firm of publishers and I began my first task on April 9, for which I have just been paid. How much freedom do I have in choosing the starting date for my first year's accounts? Could you recommend a book on the taxation of the self-employed?

The date on which your profession commenced is a question of fact—and appears to have been January 2. That being so, your freedom is limited to choosing the date on which your first accounting period *will end.* As a first step, you could ask your inspector for copies of the free booklets IR28 (Starting in business) and CA1 (Capital allowances on machinery and plant).

In a local reference library, you could do some research in, say, volume B of Simon's Taxes or in Whiteman and Wheatcroft on Income Tax (part of the British Tax Encyclopedia).

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Valve system cuts gas consumption

NEW MODULATING controls for gas burners introduced in Britain by Radiant Superjet offer considerable savings in fuel.

Tho system is currently under test by Allen Ygnis of Tipton on the company's EM (Energy Modulated) boiler. Test results bave been described by Ygnis engineers as "first class."

Based on the GL range of gas burners for 4m to 10m Btu/h, this is a completely new valve system developed on the Continont. Radiant Superjet is the only UK manufacturer to have built a burner using it and completed successful trials, the company says.

The modulating system is based on an air/gas ratio controller which is basically a gas governor on which the set-point is determined by tha air pressure. The controller has two diaphragms which are connected via lever system. Air pressure from the burner fan unit is applied to the air diaphragm, and combustion chamber pressure to the other side of this diaphragm which, via the lever system, moves the gas diaphragm which has gas pressure on one side and combustion chamber pressure on the other.

As the gas diaphragm moves, it opens a small orifice on the by-pass valve of the actuator assembly, and allows tho main gas valve seat to open.

When tho beat demand increases tho air damper motor is energised and opens the damper control. A higher air pressure is then transmitted to the air/gas ratio controller which, through the diaphragm and lever system, decreases the orifice in the by-pass system causing the main gas valve seat to open further and maintain the required air/gas ratio. On demand for less heat, the orifice in the by-pass system increases, causing tha gas valve to close and again maintaining the correct ratio.

The Allen Ygnis EM boiler is being introduced into this *country for the first time* following extensive experience on the Continent, wbere trials have shown that over a 12-month period savings in fuel of up to 6 per cent are possible. This is achieved by better insulation, ducting air over the hoiler door and shell and the modulating burner. Tha boilers are supplied complete with full instru*mentation and an acoustic* shroud for quiet operation, and various options are availabla providing ontputs from 1.0 to 12m Btu/h.

Radiant Superjet, Clapgata Lane, Woodgate, Birmingham B32 3BP (021-422 7221). Allen Ygnis Tipton, Boiler Division, P.O. Box 4, Princes End, Tipton, West Midlands DY4 9EX (021-557 3977).

● INSTRUMENTS

Checks gas analysers

THE INCREASING need to calibrate gas analysis and measurement equipment, particularly in countries such as the U.S. and Sweden, cen be met by a device from Horiba Instruments which provides gas flows in accurate percentage concentrations. Horiba is at 5 Harrowden Road, Northampton, NN4 0EB (0604 65171).

Units are available to work from e cylinder of the particular gas under pressure or from the gas at atmospherie pressure, in which case a mains operated pump is built in.

This lightweight portable unit, called SGD, is suitable for field or laboratory use and will permit calibration of an instrumant at zero, 15, 30, 45, 60, 75, 90 and 100 per cent concentration Stabilisation at each level, selected by a front panel con*trol*, takes less than 10 seconds and as a result of careful computer controlled calibration at the factory, mixtures are accurate to within balf of 1 per cent over the temperature range zero to 40 dag. C.

Principle used is that of a tube with a number of controlled vented orifices down its length. The specific, pure gas enters at one end and clean air or nitrogen at the other. Thus, tho interface at which the two gases join can be switched to different positions along the tube to control tha mixed volumes.

● HANDLING

Hygienic food storage

IN THE preparation, storage, packing or selling of foodstuffs, regulations now prohibit the use of materials whose constituants could possibly transfer to or eome into contact with foods, i.e., wood (which splinters, rots and ebsorbs liquids) and metals, whicb are likely to rust.

Complying with the rocent Foods and Drugs Regulations, and replacing deleterious materials, is a polyethylene separator which can he used in conjunction with standard type pallets, or serve on its own, designed and made by Plastic Pallets, 4 Clare Close, West Byfleet, Surrey (01-330 0470).

The separators have rows of pockets which allow an efficient airflow and at the sama tima will catch seepage (possibly from goods such as frozen meat) so that it does not filter through to layers packed below, thus avoiding possibility of the start of an immediate deterioration process.

The separator/spacers are effortlessly cleaned and ondlessly reusablo, says the company. They are also light in weight to reduce handler fatigue and can stack easily, thus saving on storage *space*.

● LUBRICATION

Aids smooth running of conveyors

ECONOMICAL application of recently introdnced water soluble lubricants into convayor systems can be carriad out with an equipment called Startrak from Savilles Hydrological Corporation, Middlemore Lane West, Aldridge, West Midlands WS9 8DX (0922 58221).

Startrak Major for example, bas been developod for small to medium-sized lines wbere all *tracks* and conveyors are synchronised and need a constant lubricant to water ratio.

Comprising a central outlet feeding a number of lubricating nozzle units, tha system operates on positive pumpad lubricant injection, making it euitable for conveyors run in total as opposad to thosa *sub-divided* into sections.

The units are supplied as a complete kit consisting of an anti-syphon valve assembly, suction hose, foot valve and strainer assembly as well as tools for adjustment.

● COMPONENTS

Intricate shaping of ceramics

COMPLEX ceramic components, including turbine wheels, have been successfully fabricated at ASEA's High-Pressure Laboratory at Robertsfors, in tho north of Swaden.

Tha gronp has been collaborating with United Turbine of Malmo, Sweden, since 1977 on the development of ceramic components for gas turbine engines.

This technical advance may open the way to the ceramic eutomotive gas turbino. The key is a new forming mathod that makes it possible to fabricate in a Quintus press the highly complex ahapos that go into turbines.

Simple ceramic parts with a cylindrical or rectangular shape were made several years ago, in the high-pressure technology. ASEA solved the more difficult problem by using pulverised glass as material for tha impervious membrane surrounding the component during high-pressure forming. In this way the laboratory succeeded in prodncing complete turbine wbeals with thin blades integrated with a solid hub. Tha trailing edges of the blades are as thin as 0.3mm.

Material used for tho ceramic components has higb strength and corrosion resistance at temperatures up to 1,400 degrees C. This is several bundred dogrees bigher than the temperature tbat the best metal alloys used in today's automotive gas turbines can withstand. This increase in temperature loads to a decisive improvement in the performance and fuel economy of the gas turbine.

ASEA is using silicon nitrida powder as raw material. Hot isostatic pressing at 2,000 bar or more and at around 1,700 degrees C makes it possible to obtain donse compacts with close tolerances and good surface finish.

The automotiva industry has been showing a greatly increased interest in gas turbines for cars during tha 1970s, because of the increasingly stringant automobile amission standards and the desire to reduce specific fuol consumption. Another important factor is the need to be able to nse fuels that are not based on petrolaum. Major development projects are taking place in the United States, Wost Germany and Japan. Ceramic components are playing an important role in these projects.

The gas turbine being doveloped by United Turbine is based on the KTT system (Kronogard Turbine Transmission). A basic feature is that the engine and transmission form en integral unit. This results in, emong other things, a considerably lower fuel consumption than othar automotive gas turbine engines. Furthermore, the engina is very light and compact.

Another major advantage of tho KTT system is that the turbina wbeels are exposed to significantly lower stresses, wblch makes it easiar to use ceramic materials. With ceramic materials the KTT gas turbine bas the potential to achieve a considerably lower fual consumption than tomorrow's petrol and diesel engines with exhaust emission controls.

Power from other sources

ROTORK, which specialises in tho electric actuation of valves, bas formed a new division which will be concerned with the application of all other energy sources to valve motorisation.

Rotork Fluid Power Division will design and manufacture complete valva control systems wbere either tho line prodnct itself (e.g. gas), provides the valve operating energy, or wbare actuation by stored-energy air, gas or hydraulic systems is required.

Throughout its dovelopment the company has been closely associated with other actuator power systems, with mechanical products such as Quadrant Operators and gas/air fail-safe devices—mainly as ancillaries for electric actuators.

Only a month ago, however, Rotork announced tbe introduction to tbe UK of its 'P' range pneumatic valve actuator. This has its origins in the company's U.S. oporation which already provides an all-system service of the kind now being set up at Bath.

Rotork says that engineering and manufacturing facilities for the new division are being established in a factory separato from, bnt near to, its existing production sito at Bath. However, sales and customer liaison will bo bandled by Rotork Control's existing sales network, with specialisod tochnical backnp as necessary.

Rotork Controis, Lower Weston, Bath, Avon. 0225 (Bath) 28451.

More clamping capacity

SAID TO be abla to develop pressures in excess of 18,000 lb without the use of air or hydraulics is a new type of clamping davice known as Dynagrip introduced by CPR Engineering Developments, Ways Farm, Gidley Way, Horspath, Oxford (086 77 3562).

This device uses power developed by wedges and screws; use of the wedges results in an equal thrust on the jaws wben clamping, and balances out any internal stresses within the clamp.

Further versatility is promised because the design, being in two parts, utilises tho full length of tho machina bed for large itams, tha jaw opening only being restricted by the length of tha machino bed. It is also possible, says the company, to utilise the pressure assembly only for clamping large castings in any application.

Distributor in UK and Europe is Spencer Franklin, Spenklin House, Gunnersbury Avenue, London W4 (01-995 1380).

● ELECTRONICS

Chips take the heat

HIGH TEMPERATURE linear integrated circuits have been launched by Harris Semiconductor with a guaranteed operating temperature range of —55 to +200 deg C and extension to 250 deg C with modified performance.

Devices available include two amplifiers, a comparator, two analogue switcbes and a multiplexer. To be added to these soon are digital-to-analogua converters and voltage references.

These circuits are particularly suitable for high temperature applications such as oil and geothermal well-logging, process control and engine testing.

● MATERIALS

Making it stick

ADVANTAGES OF e premetared applicator is that it stores, mixes and applies Scotchweld 2216 B/A to effect a high strength, two-part adhesive, says 3M United Kingdom, 3M House, PO Box 1, Bracknell, Berks. (0344 26726).

Materials are stored in a disposable plastic cartridge, already pre-proportioned, thus freeing tima that would normally be spent in weighing tho adhesivo. This method removes any risk of operator error and waste of material, says the company.

Mixing takes place within the capsule, eliminating tho need for messy containers or hit-and-miss mixing procedures, and contact with the adhesive is avoided—at the sama time minimising any potential health hazard.

thurley

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COMPANY NOTICES

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 19th May, 1980, NOTICE is now given that the following distribution will become payable on and after the 16th June, 1980, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

GROSS DISTRIBUTION PER UNIT	3.00	CENTS
LESS 15% U.S. WITHHOLDING TAX	.45	CENTS
	2.55	CENTS PER UNIT
CONVERTED at $2.3405 =	1.08951	PENCE PER UNIT

Barclays Bank Limited
Securities Services Department
54 Lombard Street, EC3P 3AH

16th June, 1980

U.S. RUBBER UNIROYAL HOLDINGS S.A.
6% STERLING/DEUTSCHE MARK GUARANTEED LOAN OF 1965

Bondholders of the above loan are advised that the final redemption due 31st July, 1980 will be effected by a drawing of all the outstanding bonds at par.

The drawn bonds may be presented to Hambros Bank Limited, 41, Bishopsgate, London EC2P 2AA or to the other paying agents named on the bonds. Coupons due 31st July, 1980 should be detached and collected in the usual manner.

Payments will be made against surrender of bonds and/or coupons in sterling or, at the option of the bearer, in Deutsche Marks of the Federal Republic of Germany at the fixed rate of DM 11.18 to £1. For payment in Deutsche Marks the bonds and/or coupons must be deposited with the paying agents from whom payment is required not less than 21 days prior to the due date.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

HAMBROS BANK LIMITED
16th June, 1980.

UKO INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that the Record Date and Time for preparation of the Final Dividend, payable on 12th August 1980, is Monday 30th June 1980, at Noon.

By Order of the Board,
J. F. GITTUS, Secretary.

BANQUE DE PARIS ET DES PAYS-BAS
10¼% 1975-1982
Loan FF 130,000,000

The FF2,185,000 instalment due for redemption on July 15, 1980 has been entirely met by repurchases in the market.

Amount outstanding after July 15, 1980: FF 126,361,000.

The Fiscal Agent
Banque De Paris et Des Pays-Bas
Pour le Grand-Duche de Luxembourg.

THE CHILIAN NORTHERN RAILWAY COMPANY LTD.

5% FIRST MORTGAGE DEBENTURES
Royal Exchange Assurance, Trustees for the above Debentures, announce that £2.625 (less Income Tax @ 30p in the £) per £100 Debenture, will be paid on and after 30th June, 1980, at Williams & Glyns Bank Limited, Coupon Department, 5/10, Great Tower Street, London EC3R 5DH. Coupon No. 134 should be deposited with Williams & Glyns Bank Limited, five clear days prior to date of payment.
5th June, 1980.

PUBLIC NOTICES

GREATER LONDON BILLS

£25m Bills issued 12.6.80 maturing [illegible].80 @ 13.8474%. Total applications £90.5m. Bills outstanding £80m.

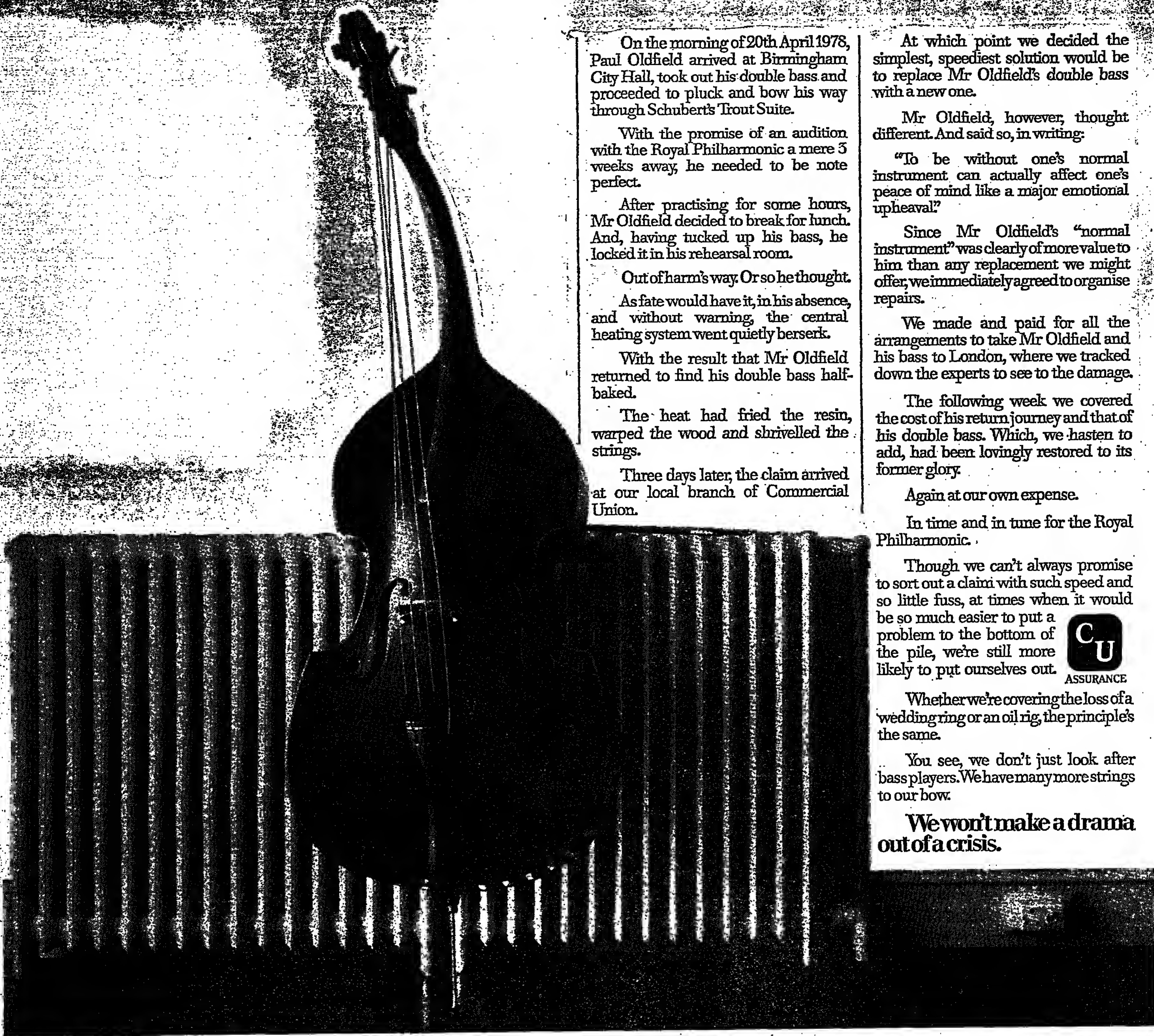
CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1.
NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS."
11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

EXHIBITIONS

THE PALLADIUM CELLARS Now Open. New! Exciting! Moving! An action packed underworld of entertainment. A journey into fun, fear and fantasy. Open daily 10 am to 8 pm. Sunday 12 noon to 8 pm. 01-437 3563. Prices: Adults £2, children £1. For special party rates tel. 01-437 3563.



On the morning of 20th April 1978, Paul Oldfield arrived at Birmingham City Hall, took out his double bass and proceeded to pluck and bow his way through Schubert's Trout Suite.

With the promise of an audition with the Royal Philharmonic a mere 3 weeks away, he needed to be note perfect.

After practising for some hours, Mr Oldfield decided to break for lunch. And, having tucked up his bass, he locked it in his rehearsal room.

Out of harm's way. Or so he thought.

As fate would have it, in his absence, and without warning, the central heating system went quietly berserk.

With the result that Mr Oldfield returned to find his double bass half-baked.

The heat had fried the resin, warped the wood and shrivelled the strings.

Three days later, the claim arrived at our local branch of Commercial Union.

At which point we decided the simplest, speediest solution would be to replace Mr Oldfield's double bass with a new one.

Mr Oldfield, however, thought different. And said so, in writing:

"To be without one's normal instrument can actually affect one's peace of mind like a major emotional upheaval."

Since Mr Oldfield's "normal instrument" was clearly of more value to him than any replacement we might offer, we immediately agreed to organise repairs.

We made and paid for all the arrangements to take Mr Oldfield and his bass to London, where we tracked down the experts to see to the damage.

The following week we covered the cost of his return journey and that of his double bass. Which, we hasten to add, had been lovingly restored to its former glory.

Again at our own expense.

In time and in tune for the Royal Philharmonic.

Though we can't always promise to sort out a claim with such speed and so little fuss, at times when it would be so much easier to put a problem to the bottom of the pile, we're still more likely to put ourselves out.

CU
ASSURANCE

Whether we're covering the loss of a wedding ring or an oil rig, the principle's the same.

You see, we don't just look after bass players. We have many more strings to our bow.

We won't make a drama out of a crisis.

When Mr Oldfield refused our offer of a new double bass, we pulled all the strings to repair his old one.

LOMBARD

Mrs. Thatcher's first year

BY SAMUEL BRITTAN

A MOST interesting assessment of "Mrs. Thatcher's First Year" has come in a book by Hugh Stephenson with exactly that title (to be published by J. H. Noman on Thursday at £2.95). Mr. Stephenson *is* hardly an obvious Thatcherite. Yet his fairmindedness and common sense have shed a good deal of fresh light on a rather remarkable administration, from which people of all political and economic views can learn.

Interest is sustained by a number of new pieces of information. For instance, how many people knew previously that Mrs. Thatcher became a greater enthusiast for settling with the Patriotic Front than Lord Carrington himself, and played a key role in pushing it through when the Foreign Secretary's sights were limited to isolating the Front's leaders from the neighbouring African states?

Or coming to more familiar territory, It was news to me that the job of Sir Douglas Wass the Treasury Permanent Secretary, was "in the balance" after the election as a result of his well-publicised distaste for an "arbitrary" monetary formula to guide policy.

Mr. Stephenson's own assessment is that Mrs. Thatcher's radical policy views and her cautious political instincts pull in conflicting directions. Indeed the author cannot conceal a sneaking admiration for the Prime Minister's political skills despite the ambiguous compliment of the comparison with Sir Harold Wilson.

But there is a slightly less personal way of looking at it. The market economy is based, fundamentally, on a distrust of authority—not merely of the "man in Whitehall" but of conventional business views about where for instance the exchange rate and the interest rate "ought" to be. As such it requires a strong streak of irreverence, which does not come easily to Conservative Governments of any type.

Mr. Stephenson Is surely right to suggest that Mrs. Thatcher's caution about injecting new intellectual blood into Whitehall was a mistake which reduced the impact of her policies. The people who did come into No. 10 and the Cabinet Office had no specific economic expertise. One of them was described as "pure gold" by a senior official—surely a kiss of death for any radical.

The Prime Minister and Chancellor gain the worst of all worlds when they protest the commonsense, untheoretical nature of their policies. "Sound money" may have been a clear and obvious idea in the age of the gold standard and Gladstone Budgets. To obtain comparable results with different weapons today is a highly sophisticated exercise; and there is no point in fudging the large element of theory inevitably involved.

The continuing scepticism of much of the higher Civil Service towards Thatcher economic policies stands out a mile from Mr. Stephenson's book—as it does from a careful reading of certain Sunday columns. But the most important substantive error of the Government is simply that "it forgot Clegg;" or rather it allowed itself to be hoodwinked by talk of cash limits, without taking on board that these limits would be calculated by Whitehall, after making full allowance for the Clegg awards.

The book rightly emphasises the doubt which must hang over prospects of radical reform in a Government of "Priors, Carringtons and Gilmours" who think it un-Tory to take on overmighty barons in the unions or anywhere else.

But there are a few straws in the wind of a different kind. After an extremely shaky start in economic policy, a young Turk was appointed as Chief *Economic Adviser* and the Prime Minister personally intervened to secure the early promotion of a far from typical Treasury official. Mrs. Thatcher's personal and very un-Foreign Office line on the EEC Budget was another unorthodox departure.

The key test however, in the words of this book, will be "whether the Prime Minister is capable before the party conference of a reshuffle of her Cabinet that will shift the balance of power in the direction of a radical change." And that, incidentally, is not the same thing as a move to the traditional right.

Courts and the Press—uneasy bedfellows

COURTS and the Press have an uneasy relationship. Judges genuinely value freedom of speech and do not merely pay it lip service.

They are disinclined to intrude upon the reporting of cases going through the courts where to do so would stifle factual reporting or fair comment on matters of public interest.

They take unkindly to the "gagging" injunctions which seek to stop the journalist and editor in their tracks. However, *they are sensitive* to the need to keep the streams of justice pure and undiluted. In a variety of ways judges have handed down rulings designed to protect the courts.

Judges are granted absolute immunity from legal action for anything done or said in the courtroom. Advocates likewise are immune from action for professional negligence for the way they conduct their cases in court, although outside they are less secure.

Witnesses are similarly protected for what they say from the witness box. Prospective witnesses are not to be threatened before trial, nor victimised after they have given evidence. Parties to litigation are not to be blackmailed or intimidated by publicity.

In short, no case in the courts is to be pre-judged in the Press or on radio or television. Everything is done to ensure a fair trial. Trial by newspaper is anathema to the English judge.

The Press is thus actively discouraged from canvassing issues to be thrashed out in court proceedings. They are not encouraged to speculate about the decisions of the courts before judgment is delivered.

In two judgments last week the House of Lords exhibited both facets of the courts' approach to the problems of publicity of court cases. In the one the law Lords restricted the ambit of contempt powers by excluding such fearsome judicial weaponry from the media's activities over administrative courts.

In the other, they exhibited distaste for advance speculation in the Press of the pending judgment in the Operation Julie forfeiture case.

In Attorney General v. the BBC a local valuation court was held to be not a court of law strictly speaking but a body whose functions are of an administrative character.

Way back in September 1976, the BBC had shown a TV broadcast highly critical of the Exclusive Brethren, a Christian religious sect that preaches and practises to its logical conclusion that everybody who does not pursue the tenets of the sect, in believing that evil must be ruthlessly separated from good, is himself evil and to be dis-associated from.

There was an interview with a leading QC who had inquired into the Exclusive Brethren on behalf of the Charity Commissioners. He had said that "the indoctrine of separation from evil as interpreted and applied under the teachings of James Taylor Junior, was detrimental to true intersts of the community."

That broadcast had prompted libel proceedings. Nevertheless in February, 1978, the BBC proposed to repeat the showing of its programme entitled "Anno Domini-Brethren" announcing it in the Radio Times. Contemporaneously the Exclusive Brethren was contesting a ratings valuation in respect of a meeting room of the local assembly at Andover.

It sought relief from rates as a charitable body but the local valuation officer objected, and the matter was due for hearing before the local valuation court composed of laymen.

The Attorney General of the day was persuaded that the showing of the programme would be a contempt in that the broadcast represented a wholly improper and unwarranted canvassing in public of issues that were to come before a court. He wanted to avoid the risk of grave prejudice to the Exclusive Brethren in its appeal to the Andover local valuation court. He asked the High Court for an urgent ruling.

The Divisional Court upheld the Attorney General's argument and the BBC did not transmit its programme. In fact, the hearing never took place, because the Exclusive Brethren was granted rate relief.

The Court of Appeal later upheld the ruling with Lord Denning dissenting. His view has now been triumphantly vindicated by the Law Lords. They were not prepared to extend the law of contempt by applying it to tribunals or courts discharging administrative functions, even if such bodies were bound to approach their task as if they were judges sitting in courts of law.

The fact that they had to apply the law and act judicially did not strip them of their essentially administrative function. Thus, a whole range of tribunals in the field of public administration is, at a stroke, not to be regarded as acquiring the protective role of the contempt laws. The Press is free to report issues that are being fought out before such tribunals.

Judgment in the BBC case was followed immediately by that declaring that the forfeiture by the trial judge and the Court of Appeal of the profits of the drug dealings of the defendants in the Operation Julie case was unlawful.

The result of the appeal was publicly expected since the previous week-end a Sunday Times reporter had predicted not merely the result but also, with a high degree of accuracy, the grounds upon which the House of Lords would decide, reluctantly, that the drug dealers were not amenable to the forfeiture of their profits from crime.

The reporter correctly concluded that the Misuse of Drugs Act, 1971, did not give the courts power to strip offenders of their ill-gotten gains from drug trafficking.

That revelation was followed by a counter-statement from the Attorney-General in another national newspaper earlier in the week, that he was ordering the Director of Public Prosecutions not to hand over the property that had been seized by the police at the time of the drug offenders' arrests.

Most of the forfeited property is still lying in bank accounts in France and Switzerland. The BBC news on the morning of the judgment discussed the implications of the House of Lords judgment in terms of the right of the offenders to recover property from the police.

In declining to make an order that the DPP should hand over the property, leaving any dispute to be fought out later in the civil courts, the law Lords displayed some irritation at the premature disclosure of their judgment. Had there been some mole lurking around the deliberations and preparations of the judgment? The reality was much less exciting.

Unfortunately for anyone suspecting breaches of confidentiality the law Lords had themselves disclosed their hand at the hearing of the appeal earlier last month. They had told counsel for the apellants that they did not need to trouble him to reply to the submissions of the DPP's counsel.

Short of announcing their decision, the law Lords had indicated their view. The result was a foregone conclusion. But clearly the judges do not think it proper for a newspaper to preempt their authoritative ruling. Supposing the case had involved commercial litigation that would affect the shares of a public quoted company. Would it be right that the price of shares should fluctuate on the Stock Market prior to the day of judgment?

Even if the courts possess no power to prevent Press speculation of court decisions, there is at least a case for the Press Council investigating what may seem to be an undesirable practice, and giving guidelines to newspaper editors as to how and when they might jump the gun in discussing forthcoming court rulings.

THE WEEK IN THE COURTS

BY JUSTINIAN

Cauthen v. Piggott at Ascot

STEVE CAUTHEN'S riding and judgment have recently come in for plenty of criticism from those arguing that he is neither strong enough to get the best out of many mounts nor sufficiently attuned to the problems presented by certain backs.

Cauthen faces his stiffest task to date in Britain this week when he partners a listful of well fancied mounts at Royal Ascot, where his ability in the saddle—not to mention his tactical brain—will be put to the acid test.

I hope I am right in believing that Cauthen's cool-headedness and remarkable knack of getting horses to produce their best without the necessity of a punishing race will see the young American making a bold bid to justify the massive confidence of, arguably, his chief admirer.

That fan backed the 20-year-old Kentuckian to win him £40,000 as top jockey at Royal Ascot. The first of two bets was a wager of £25,000 to £1,000 and that was followed by one of £15,000 to £600.

Cauthen is a 14-1 chance with the Tote for the Ritz Club Charity Trophy given to the top rider at the four-day meeting. He is the only jockey to have been seriously backed to wind up ahead of Lester Piggott and Willie Carson.

There could be no more intriguing feature over the four days than a sustained confrontation between Piggott, the most successful jockey in the history of the course, and the unassuming American, who at the age of 19, had ridden almost 1,000 winners in America despite a run of 110 consecutive losers.

Tomorrow sees Piggott on Dalsaan and Cauthen aboard Last Fandango clashing in the St. James's Palace Stakes in which their two respective mounts will start first and second favourites. Here Dalsaan will be at prohibitive odds to give Piggott yet another victory in the first day feature event, after the phenomenal performance by the Aga Khan colt in defeating Beldale Gunflint by 20 lengths at Kempton.

RACING

BY DOMINIC WIGAN

WINDSOR

6.45—Arndean
7.10—El Ingles
7.35—Kildanes*
8.05—Revocation**
8.35—Winter Wind
9.05—Aleos***

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.15 For Schools, Colleges. 11.25 You and Me. 1.30 pm Over the Moon. 1.45 News. 2.01 For Schools, Colleges. 3.35 Your Songs of Praise choice. 4.13 Regional News for England (except London). 4.15 Play School. 4.40 Clock On at the laughter factory. 5.00 John Craven's Newsround. 5.10 Blue Peter. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Ask the Family.
7.20 The Dukes of Hazzard.
8.10 Panorama (Pakistan's atom bomb project).
9.00 News.
9.25 The Monday Film: "The Internecine Project," starring James Coburn.
10.55 The Editors.
11.35 News Headlines.
11.37 Bellamy's Europe.
12.07 am Weather, Regional News.

All Regions as BBC-1 except as follows:

Cymru / Wales — 1.30-1.45 pm Pila Pala. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.07 am News and Weather for Wales.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.07 am News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.07 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC-1 4.15 pm).
4.50 pm Open University.
6.55 Six English Towns.
7.25 Mid-Evening News including subtitles.
7.35 One Hundred Great Paintings.
7.45 Around with Alliss.
8.15 The Waltons.
9.00 The Innes Book of Records.
9.25 Brass Tacks.
10.15 All Change for . . . Poole.
10.45 Newsnight.
11.35 Open University.

LONDON

9.30 am Schools Programmes. 10.20 Untamed Frontier. 10.43 Schools (continued). 12.00 Chorlton and The Wheelies. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Against the Wind. †2.30 Monday Matinee: Douglas Fairbanks Jr. and Basil Rathbone in "The Sun Never Sets." 4.15 Clapperboard. 4.45 The Latchkey Children. 5.15 Money-Go-Round.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 Can We Get On Now Please?
8.30 World in Action.
9.00 The Sandbaggers.
10.00 News.
10.30 Police Story.
12.15 am Close: Personal choice with Ivor Mills.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Monday Film Matinee: "Murchesoo Creek." 3.45 Money-Go-Round. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 10.30 The Brian Connell Interviews. 11.00 Monday Late Film: "Winchester 73," starring Tom Tryon and Dan Duryea. 12.40 am Reflection.

ATV

1.20 pm ATV Newsdesk. 2.00 Money-Go-Round. 2.30 The Monday Matinee: "The War Between The Tates." 5.15 Take My Wife. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 ATV Newsdesk. 11.05 Luke's Kingdom. 12.05 am Something Different.

BORDER

1.20 pm Border News. 2.00 Money-Go-Round. 2.30 Monday Matinee: "Don't Take It To Heart." 5.15 University Challenge. 6.00 Lookaround Monday. 6.15 Country Music Jamboree. 8.30 The Electric Theatre Show. 10.30 Monday Movietime: "The Buttercup Chain." 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 2.00 Money-Go-Round. 2.30 The Monday Matinee: "Drive Hard, Drive Fast." 5.15 University Challenge. 6.00 Channel News. 6.10 Project UFO. 10.28 Channel Late News. 10.35 South-West Korting Championships. 11.05 Luke's Kingdom. 12.05 am The Entertainers (The Wurzels). 12.30 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Money-Go-Round. 2.30 Monday Matinee: "House Of Secrets," starring Michael Craig and Brenda de Banzie. 5.15 University Challenge. 6.00 North Tonight and Area Weather Forecast. 6.30 Out of Town. 10.30 Reflections. 10.35 The Monday Movie: "There's A Girl In My Soup," starring Peter Sellers and Goldie Hawn. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Money-Go-Round. †2.30 Monday Matinee: *Bob Monkhouse* in "Dentist In The Chair." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 10.30 Reports Politics. 11.00 The Late Film: Kenneth Haigh in "Man At The Top."

HTV

1.20 pm Report West Headlines. 2.00 Take My Wife. 2.30 The Monday Matinee: "Great Catherine." 5.15 Batman. 6.00 Report West. 10.35 The Monday Film: "Satan Never Sleeps."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.05-10.20 am ABC. 12.00-12.10 pm Trebetlou. 1.20 Penawdau Newyddion Y dydd. 1.25-1.30 Report Wales Headlines. 2.00-2.30 Hamddan. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.25-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

1.20 pm News and Road and Weather. 2.00 Money-Go-Round. 2.30 Monday Matinee: "The Intruders," starring Don Murray, Edmond O'Brien and John Saxon. 5.15 Frank Muir on Children. 6.00 Scotland Today. 6.45 Crimedesk. 10.30 Sounds Gaelic. 11.00 Afloat. 11.30 Late Call. 11.35 Kaz.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Southsport Cricket: Sussex v. West Indies. 3.45 Money-Go-Round. 5.15 Take My Wife. 6.00 Day By Day, including Southsport. 10.35 First Edition. 11.20 SWAT.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-East News and Lookaround. 2.00 Money-Go-Round. 12.30 Monday Matinee: "Don't Take It To Heart," starring Richard Greene. 5.15 Mork and Mindy. 6.00 North-East News. 6.02 Play It Again. 6.25 Northern Life. 10.30 North-East News. 10.32 Northern Report. 11.00 The Monday Thriller: "Panic On The 5.22." 12.30 am Quiz of the Week.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Money-Go-Round. 6.00 Ulster Television News. 6.15 Portrait of the Artist. 6.30 Happy Days. 10.29 Ulster Weather. 10.30 Church Report. 11.00 The Odd Couple. 11.30 Gardening Today. 12.00 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.00 Money-Go-Round. 2.30 The Monday Matinee: "Drive Hard, Drive Fast." 4.12 Gus Honeybun's Birthdays. 5.15 University Challenge. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 South West Korting Championships. 11.05 Luke's Kingdom. 12.05 am The Entertainers (The Wurzels). 12.30 Faith for Life. 12.35 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.00 Money-Go-Round. 2.30 Monday Matinee: "San Francisco International Airport" starring Pernell Roberts, Van Johnson and Tab Hunter. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 10.30 Calendar Carousel. 11.00 Kate Loves a Mystery. 12.00 George Hamilton IV.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 7.00 Stayin' Alive. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Folk on 2 (S). 9.02 Humphrey Lyttelton with the Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Court of Burgundy (S). 9.35 Nash Ensemble Concert, part 1 (S). 10.30 Interval Reading. 10.35 Concert, part 2. 11.20 City of Birmingham Symphony Orchestra Concert, part 1 (S). 12.10 pm Interval Reading. 12.15 Concert, part 2. 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.10 Penderecki (S). 8.40 "In Remembrance of Things Past" by Marcel Proust. 9.10 Transcriptions by Liszt (S). 10.00 "The Rime of the Ancient Mariner" by Coleridge. 10.30 Jazz in Britain: John Stevens' Away (S). 11.00 News. 11.05-11.15 Debussy (S).

VHF Only—Open University—6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Miles Kington with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Mavis Nicholson. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Night Life or A Dream For All Seasons. 11.50 Poetry Please. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1980 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Home Again (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.15 Is There Life After 50? 9.30 Kaleidoscope (writer William Trevor). 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 6.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

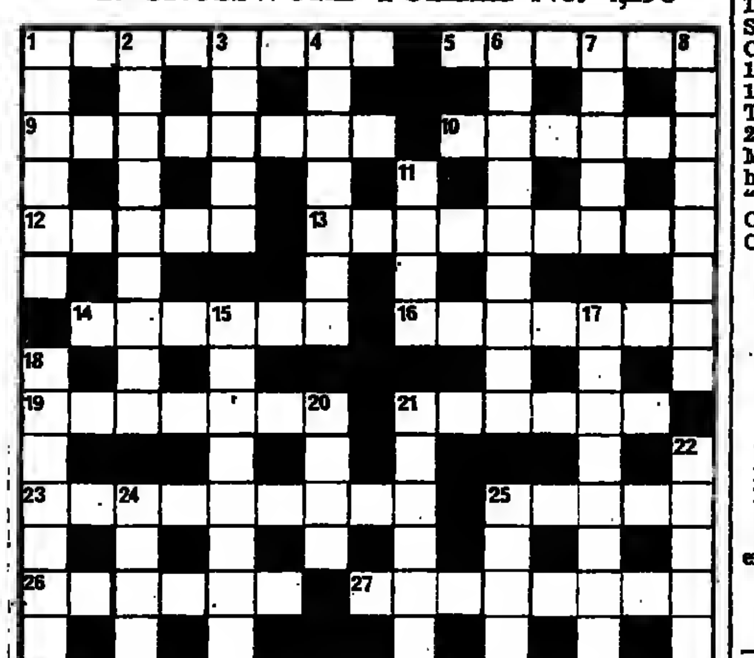
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight Special: Tom Maddocks reports on schemes for improving travel in London. 9.00 Nightline ("Royalty—Do We Need It?"). 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 pm Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Alan "Fluff" Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,298



ACROSS

1 Prove a law-suit in cabinet (4-4)
5 Youngster who could be a sharp dealer (6)
9 Better music arranged for "Pepper"? (8)
10 Get bigger group around the west (4, 2)
12 Head of river going to mountains in the country (5)
13 Drink supplier is to trade in exchange about the finish (3-6)
14 Knock back two drinks and grumble (6)
16 Fool in cheese or club (7)
19 Sour leading player to you and me . . . (7)
21 . . . and sour article in Highland dress (6)
23 Passes fish in greeting (9)
25 Crop left to move slowly (5)
26 Bean feast I leave initially (6)
27 Loiter after mother to avoid work (8)
28 Rover and stranger losing the way (6)
29 Symbolist needs years with hook (8)

DOWN

1 Seize dog in bishop's office (6)
2 Timely, convenient and suitable (9)
3 Cold caught on hill (5)
4 Sleep, or start of sleep with furniture stored away (7)
6 Arab with fibre going to bow (9)
7 Promised to maintain solemnly (5)
8 Newspaperman giving soldiers beer (8)
11 Dull and monotonous poet gets up (4)
15 Spirits that are nonsense (9)
17 Weeds in the main (3-6)
18 Unmarried male composer with role reversed (8)
20 Pretend it's a quiet morning (4)
21 More than a dozen but less than a score (7)
22 Wine that's unusually clear before the start of tasting (6)
24 Fine fabric made from yarn in Ontario (5)
25 Church in a Republic? (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. NUREYEV FESTIVAL until June 21: ROMEO & JULIET. June 24 to July 1: DON QUIXOTE. July 2 to 5: HOMAGE TO BALANCHINE. Evs. 7.30. Reduced price Mats. Sat. & June 26 at 2.

[illegible]

THEATRES

PALACE. S. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR. Group sales 01-379 6061. LAST 10 WEEKS.

PALACE. S. CC. 01-437 6834. From Sept. 17 RODGERS & HAMMERSTEIN'S OKLAHOMA!

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[illegible]

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

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CINEMAS

ABC 1 & 2. SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE WANDERERS (X). Wk. & Sun: 1.30, 4.40, 7.55.
2: FRIDAY THE 13th (X). Wk. & Sun: 2.00, 5.15, 8.20.

CLASSIC ENTERTAINMENT Teledata: 01-200 0200.

CLASSIC 1, 2, 3, 4, Chelsea, King's Rd. 352 5096. Last performance bookable. 1: LA CAGE AUX FOLLES (AA). Progs. Sun. & Wk. 2.20, 4.25, 6.30, 8.05. 2: THE LONG WEEKEND (AA). Progs. Sun. & Wk. 2.40, 5.25, 8.25. 3: KRAMER vs. KRAMER (A). Progs. 2.40, 5.25, 8.28. 4: THE TEMPEST (AA). Progs. Sun. & Wk. 3.00, 5.45, 8.50.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: HURRICANE (AA). Progs. 1.10 (not Sun.), 3.30, 5.55, 8.20. 2: BAD TIMING (X). Progs. 1.00 (not Sun.) 3.05, 5.40, 8.10. 3: THE WANDERERS (X). Progs. 1.00 (not Sun.) 3.25, 5.50, 8.15.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). Fully Air Conditioned. 1: GREASE (A). 1.15, 5.05, 9.05. SATURDAY NIGHT FEVER (A). 3.10, 7.10. In Dolby stereo. 2: THE GREAT ROCK 'N' ROLL SWINDLE (X). Progs. 1.00, 3.30, 6.05, 8.30. 3: GONE WITH THE WIND (A). Sep. perfs. 2.15, 7.00. 4: AMERICAN GIGOLO (X). Progs. 1.10, 3.30, 5.55, 8.25. 5: THE LORD OF THE RINGS (A). Sep. perfs. 2.00, 5.00, 8.00.

CLASSIC, Leicester Square. 01-930 6915. THE VICTORS (X). 2.30, 5.50, 9.05. TEXAS CHAIN-SAW MASSACRE (X). (London): 1.00 (not Sun.) 4.18, 7.25.

CURZON, Curzon Street. W.1. 499 3737. GET OUT YOUR HANDKERCHIEFS (X). English sub-titles. Progs. 1.45, 3.55, 6.10, 8.30. Last 3 Days.

ODEON HAYMARKET (930 2738-2771). THE TIN DRUM (X). Sep progs 1.50, 4.50, 8.10. All Seats May Be Booked At Box Office.

ODEON LEICESTER SQUARE (930 6111). The STAR WARS Saga continues with THE EMPIRE STRIKES BACK (U). In 70mm and Dolby Sound. Sep progs Drs Open Dly 12.00, 3.45, 7.30. All Seats May Be Booked In Advance At Theatre Box Office Or By Post.

ODEON MARBLE ARCH W2 (723 2011-2) KRAMER Vs KRAMER (A). Sep progs Drs Open Dly 1.15 (not Sun), 4.15, 7.45. Eve Progs. & Weekends May Be Booked In Advance.

PRINCE CHARLES, Leic. Sq. 437 8181. Mel Brooks BLAZING SADDLES (AA). 2.10, 5.40, 9.18. MONTY PYTHON AND THE HOLY GRAIL (A). 3.55, 7.25. Lte. Show Fri. & Sat. 10.55. Cont. Dly. Lic'd Bar.

STUDIO 3. Oxford Circus. 437 3300. Lic'd Bar. THE DEER HUNTER (X). 12.45, 4.05, 7.30. Lte Show Sat 10.50.

ART GALLERIES

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Street. St. James's. VIVA VICTORIA. Exhibition of 19th Century Paintings. Monday to Friday 10-5. Saturday 10-1.

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THE ARTS

Niagara-on-the-Lake

Revival at the Shaw

by B. A. YOUNG

The Shaw Theatre at Niagara-on-the-Lake has hegun a transformation this year. The schedule is twice as long, taking in all three theatres in the town (the Court House will be lost next year, however); the three productions I saw set a standard quite different from recent work at the Shaw.

The change must he attributed to Christopher Newton, the new Artistic Director, who has arrived from Vanrouver for a three-year stint and brought with him about a dozen of his old company, inclnding his principal designer Cameron Porteous. The Shaw with a permanent company already shows the advantage of team-building over "pick-up" productions in a tangible glow of that indefinable quality, style.

Moreover, Mr. Newton has other ideas. He wants, he says, to achieve a Glyndebourne effect, to make the visitor believe that be is a guest in some exclusive private house. He has the advantage of a handsome theatre surrounded by greenery and backed by a spacious lawn beyond which spreads open grassland once scheduled as a golf-course. He has his eye on about 200 acres of this to be landscaped as parkland, where playgoers can wander before and after the play or between the acts. *C'est le premier pas qui coûte*—already he has planted roses along an empty terrace.

I saw him as an actor in Feydeau's *A Flea in Her Ear* (John Mortimer's version of *Un fil à la patte*), and as a director in Shaw's *Misalliance*. In *Flea*, the company ropes valiantly with the prestissimo speech imposed on them by director Derek Goldby, and they play Feydeau's elaborate stage directions to the letter; yet occasionally I felt something amiss. Why in Act One do Susan Wright as Mme. Chandebise and Dana Ivey as Mme. de Histangua stand like waxworks, spurting their lines straight at the audience? Why are all movements taken at a run? How could de Histangua come out of the bathroom with a lavatory-seat round his neck?

The answer is simple: Mr. Goldby evidently wants them all to try to be funny. This seems to me a mistake. In Feydean's farce no one should try to be funny but Feydeau, and the company need do no more than he says. When they do, in the hilarious Act Two at the Hotel Coq d'Or with its revolving bed, they play farce as farce should be played, and the effect is terrific. Heath Lamberts is first-class as Chandebise and his double, the porter Poche; Christopber Newton is endlessly funny as Camille, making his physical handicap (he has no roof to his mouth) comic but never embarrassing; there is a lovely performance by Michael Fawkes as the vengeful Spanish hidalgo de Histangua. Cameron Porteous's set is correctly atmospheric, and his trick bedroom wall works like a charm.

Misalliance is very brightly acted. As Christopher Newton told me, Shaw is admirable for Canadian audiences: they are being given a serious moral when they think they are only being made to laugh. Shaw gives them plenty of morals in this piece—not only the main moral abont women'a disadvantage in the marriage stakes, but the first discovery of the generation gap, the unreliability of a gentleman'a word when advantage rather than honour's at the stake.

The two old gentlemen at the opposite poles of the social scale, John Tarleton and Lord Summerhays, are nicely contrasted, with Sandy Webster a kindly Yorkshire vulgarian and David Dodimead the acme of diplomatic suavity. Carole Shelley drops in from her aeroplane (which Cameron Porteous doesn't show us—I've seen a real Moth toward across upstage) never to relax from her Polish superiority as Lina Szczepanowska; her athletic ability is almost matched by that of James Rankin in a sweet performance as Bentley Summerhays, throwing himself grizzling to the tiled floor of Mr. Porteous's curious-looking Hindhead villa as if it were a spring mattress. Deborah Kipp is the proto-feminist Hypatia, as tidy aa ever after chasing Geraint Wyn Davies's elegant Joey through the heather; and Andrew Gillie is the gun-toting *soi-disant* John Brown.

A production of *The Cherry Orchard* by Radu Penciulescue comes from a different artistic atable. To begin with my reservations, I can't imagine why he should want to play Trevor Griffith's hyper-Marxian version, when all the social reform called for has been put into the play by Chekhov himself; nor can I bring myself to accept phrases like "as of now" in a romedy about late 19th-century Russian gentlefolk.

Otherwise, this is an enchanting evening. It is played on a stage hung all over with lace curtains ("I wonder where they get that wonderful old lace?" asked the lady behind me. The answer is, from the houses of people who don't want it any more). With glass chandeliers hung high among them, there is a feeling all the time of the cherry-blossom in the background. The sets are extremely simple. The nursery is on a small truck, which is pulled back (by Russian workmen) to make way for a big white mat dropped from the flies on which the outdoor scene is played. While the ball goes on, on the day of the auction, we see only a single sofa and an occasional table on the truck before a panel of rich striped material, a scene that proves surprisingly adequate. For the final scene, the material is flown out of the way, leaving only a desolate scene of no-longer-wanted furniture; and to complete the desolation some of the lace curtains are dropped to the stage, and ultimately the whole white backcloth falls to show the back wall of the theatre. It is marvellously touching.

Ranevskaya is played by Carole Shelley, tall and graceful, aiming not for modern standards of yonthful beauty but for last century's ideal of the romantic widow. Miss Shelley keeps her restrained and undramatic to a degree that I think blunts some of the character, though she allows herself to throw a cushion at James Mason'a Yasha, just as I would have done myself. Terence Kelly's Lopakhin is most gentlemanly and unpeasantlike, no doubt part of Mr. Griffiths' aim to sbow that the common people are as good as the gentry. (Some of the workers look ready for 1918 in their menace, but I must say the nse of the non-speaking parts.) director makes fine pictoral

Heath Lamberts gives a good Trofimov, though my estimate of his age would be somewhere near 40, a little too old for Ranevskaya's comments on his beard. Contrariwiae, Gillie Fenwiek's Firs didn't suggest old age to me at all, in spite of his drawn face and grey wig; his vioce is the voice of a man in the healthy 50s.

David Dodimead as Gaev encompasses the difficulties of his speech to thme bookcase and his endless demonstration of his prowess at billiards as if *they* were *everyday* occurences in the kind of society he lives in.

Kate Greenaway medal award

Jan Pienkowski, illustrator-author of 36 children's books, has won the Kate Greenaway medal, presented by the Library Association, for his "visual-audial" hook, *Haunted House*, published by Heinemann at £4.50.

Architecture

Covent Garden re-born

by COLIN AMERY

This Thursday Sir Horace Cutler unveils the newly restored and transformed market buildings at the centre of Covent Garden. The Historic Buildings Division of the Greater London Council and the planners of the Covent Garden team have spent a lot of time and about three million pounds to turn the old vegetable market buildings into a smart centre of specialist shops. For years now these buildings, which fill the Piazza laid out by Inigo Jones, have been hidden from the public gaze by a hoarding painted in the now obsolete rommunity mural style. When the hoarding is removed what ia the new heart going to look like?

What will be revealed is the market building designed by Charles Fowler (1791-1876) topped by the cast iron roofs that were added in 1875 and 1899. Mr. Fowler was a very good architect. He made his name with his design for the great domed ronservatory at Syon Honse for the Duke of Northumberland. In 1827 word spread along the ducal grapevine and Mr. Fowler was commissioned by the Duke of Bedford to design the Covent Garden Market in an attempt to impose some order on the chaotic muddle of stalls and selling pitches that had spread all over the Piazza since market trading had been authorised in 1670. Fowler's market was rompleted in 1830. It is E-shaped in plan with three long ribs growing out of a short spine, and it has a fine granite colonnade all round the outer edges and a grand central avenue. All the detail is in a restrained Grecian Doric style.

All this wonderful architecture has heen sitting in the middle of London for years, almost completely ignored because it was engulfed in the detritus of the vegetable kingdom. There was every chance in the 1960s, after the decision had been taken that the market must move to Nine Elms, that London's market centre could go the same way as Les Halles in Paris. The market area was always considered as a "line of character" but it was only thanks to massive public pressure that the whole area has been spared the large-scale redevelopment that was planned by the GLC in their 1968 draft plan. It is a direct result of that pressure that the street pattern and a large majority of decent ordinary London buildings have now been preserved.

It is on the Ceotral Market huildings that the weight of conservation pressures leans most heavily. All those tricky questions, how should it he restored, what should it be nsed for if it was restored, who should decide the architectural treatment of any new additions, had to he faced. All the prohlems that confront the whole area are roncentrated on this one building. How have the GLC tackled them?

On architectural grounds the restoration of the central market deserves the highest praise. The huilding has been stripped of all the accretions that ruined the architecture, revealing the true qualities of Fowler's design. One major problem was how to utilise the mass of hasement space for shopping. This has been intelligently solved by scooping two courtyards out of the South Hall and opening a range of brick vaults as small shops.

In the North Hall the stone paved ground level remains intact and will he utilised by restaurant tables arranged in the French café style hehind a screen of greenery. Both the main market halls are surrounded by shops. Plate glass has been avoided and the shop fronts follow the original designs as far as possible, although the letting agents have insisted on larger panes of glass than would have heen acceptable in the early 19th-century. Cast iron grilles of a pleasing design run across the tops of the shop fronts.

The architects of the GLC have not insisted on a uniform lettering style although they are concerned that everything should be in keeping. Perhaps the most instantly noticeable features of the two great halls are the pale blue cast iron roofs that, the architects claim, are painted in their original colours. Hanging from these striking roofs are some even more striking new lanterns. They are designed to be in the spirit of the great gas lights that once blazed here. In the main halls they are large splayed octagonal lanterns

In the more classically restrained Central Avenue they are more simple with straight sides. All the lamps are made of copper which will dull in time to a more reticent shade of brown. The Ceotral Avenue, which is just as elegant as the Burlington Arcade, is the most beautiful of the new spacea to be revealed. It has been sympathetically painted in hrown and cream.

How is the newly transplanted heart of Covert Garden going to work and what is the new ambiance like that will replace the vigour and life of the old market? The new shops (there are about 46 of them) are the kind that flourish at the moment in South Molton Street. There were nearly a thousand applicants for space and a great many of them were hairdressers. In the end, after rigorous scrutiny, a mixture of food, crafts, fashion and several decidedly esoteric shops were given space, and not one hairdresser. It is too early to say whether it was right to make the market such an up-market kind of place—the whole of Covent Garden doea seem to have been handed over to vegetarians and photographers. But their trends will fade and we should he grateful that at the heart of London such a grand and splendid building has been so beautifully restored.

If you take a walk from the torrid tastelessness of Piccadilly Circus and the horrihly pedestrianised Leicester Square it is a pleasure to be in Covent Garden surrounded hy buildings of a decent scale and a civilised style. What is particularly pleasing is to stand inside the newly restored market and look out at St. Paul's Church. It's not just Eliza Dolittle who might feel like bursting into song.

To commemorate the opening of the new market a good book has been published which is a first rate account of the restoration by a member of the GLC Historic Buildings Division.

Covent Gorden Market. Its History ond Restoration by Robert Thorne. Architectural Press, 120pp. £4.95—paperback.

Work in progress on the refurbished Covent Garden Market

Hippodrome, Birmingham

La Clemenza di Tito

by ARTHUR JACOBS

The Leipzig Opera has departed, its visit to Sadler's Wells Theatre regrettahly cancelled for financial reasons. Mozart's *La Clemenza di Tito*, as seen at Birmingham last Saturday, showed to advantage both the musical and the acting strength of the company—and showed too that it is possihle to give such a work a touch of modern irony without distorting it as an artistic whole.

As staged by Uwe Wand, the famed clemency of the Roman emperor was partly self-deception, partly a public relations exercise. He is seen modelling his postures after the statues of his predecessors, and the behaviour of the welcoming crowd betrays his own clumsy stage-management. When, "magoanimously," Titus releases Servilia from his own attentions to restore her to her true love, he makes sure that his henchman Publius (publicity?) is present to witness the act.

Admitting that such a stage interpretation could not have been presented to Mozart's own imperial patron, I nevertheless found that it added to the convincing sense of onward movement which is so difficult—yet *so important*—to achieve in this type of opera. Likewise with the treatment of Vitellia, here was no middle-aged matron possessed by a single passion (scorned in love and desperate for revenge) but a young woman of unstable, hysterical tendency, looking wild and not in the least noble when she finally confessed the plot to murder Titus. The romparison between Barbara Hoene here—with an agile soprano voice easily scaling Mozart's high D—and Janet Baker's performance of the role at Covent Garden, shorn of the higher notes in order to fit the mezzo-soprano range, was not to Covent Garden's advantage.

More remarkable yet was the performance of Rosemarie Lange as Sextus. Even accepting the convention of a woman *in a young man's role*, an audience must find this a very dubiously motivated hero. But everything which could be done for the rash, love-struck young aristocrat was done by Miss Lange in her demeanour and her warm, beautiful mezzo-soprano. The aria of appeal to Titus ("Deh, per questo istante solo") was especially moving, idiomatically completed with extra notes to lead back to the opening strain.

Titus's role was delivered with the rorrect egotistical nonchalance hy Stephen Spiewok, a capable tenor though a little dry of voice. (A slight alteration of sequence in the second act advanced his aria, "Se all'impero," with good dramatic point.) The rest of the cast, singing the German translation with admirable clarity, maintained the high level of ensemble expected from a major German *company* whether from the East, as in this case, or from the West—though I should have preferred a more numerous, or at any rate londer, chorus. Both vocal and orchestral music were fluently and flexibly conducted by Gert Bahmer.

The company's visit was arranged in an exchange with Welsh National Opera. I hope the two companies are already planning the next one.

Festival Hall

Weller

by DOMINIC GILL

Walter Weller's concert on Friday with the Royal Liverpool *Philharmonic Orchestra* was his last as their principal conductor—he leaves them now and returns in September to London to take up his new post as principal conductor of the RPO.

It was not an inspiring, nor for the future a very encouraging, evening. The two Beethoven symphonies on the programme were the Eighth and Ninth. Weller approaches Beethoven in somewhat the same manner as he does Prokofiev: as pages of notes to be dug into briskly, decently marshalled, shoved smartly into place; music to be disciplined effectively rather as a sergeant-major (more efficient than actually observant) might discipline his troop. He seems to conceive his performances in terms of blocks of primary rolours, marched as required from place to place. He also prefers, except where absolutely unavoidable, the foursquare, clean-cut phrase to any manner of more individual or subtly-shaped expressive line.

The sole virtue of Weller's *performance* of the *Eighth* was its energy: a lean and muscular impetus sustained from the first bars to the last. In every other respect, textural, contropuntal and architectural, it was crude, all but unformed. It was difficult to believe that any conductor could let so many pages of Beethoven's last and longest symphony go by so wholly uninflected: but Weller turned precisely the same vigorous, merciless attention to the Ninth.

The tempi he chose for the two opening movements could hardly be called sluggish: hut the reading was otherwise actually not unlike that humble gasteropod in its drab and uniform colouring, and smooth, expressionless shape. Attempts to inject *rubato espressivo* into the string playing of the adagio were (in quite another sense than Beethoven intended) almost tragically inept. Though the Liverpool Philharmonic Choir rose to their task with a will, the thrust of the finale lacked any kind of poetry, excitement, mystery. The quartet of solists, Smith, Payne, Rendall and Garrard, sang without ronviction. Dispiriting *occasion*.

'Jass' at Hog's Grunt Music Club

The Hog's Grunt Music Lovers' Club has been formed to bring together people who enjoy music and every kind of live entertainment performed in the 'Pub' tradition. Its headquarters is at The Production Village, 100 Cricklewood Lane, London, NW22, where there is music every night of the week.

A new band, Jass, made its debut there recently and is appearing again on June 21 and 28. Playing exclusively original material the band romprises Martin Kershaw (guitar), Jeff Daly (alto), Penl Hart (keyboards and electric violin), Frank Ricotti (Latin percussion and vibraphone), Brian Odgers (bass) and Harold Fisher (drums).

Other bands appearing during June include Steve Lane's Southern Stompers, Mike Casimir's New Iberia Stompers, the Rio Grand Hot Tango Orchestra and the John Sirrett trio. Further details from 450 8969.

Book Review

Con brio with the Maestro

by ELIZABETH FORBES

My Many Years
by Arthur Rubinstein. Jonathan Cape, £9.95, 626 pages

The long-awaited sequel to *My Young Years* (the first volume of Rubinstein's autobiography, reissued by Cape at £12.50) does not disappoint, as sequels are apt to do. The Polish-born pianist, now 94 and for decades an American citizen, displays the same amazing vitality in his recollections that has always characterised his playing. Having survived two World Wars, the enslavement of his native country, the loss of all his possessions and the death of virtually every member of his family who stayed in Nazi-occupied Europe, the partially blind nonagerian can still declare: "Life was and remains a fairy tale for me: I thank providence daily for being allowed to he part of it."

My Many Years, dictated to Tony Madigan and Annabelle Whitestone, begins in 1917 with the expatriate pianist setting off from Spain for Buenos Aires on the first of innumerable tonrs through Latin America. In Montevideo the entire Diaghilev Ballet bursts into his bedroom and he gives a Red Cross concert with Nijinsky, the great dancer's last public appearance; in Sao Paolo his neighbour at the roulette table turns out to be Anna Pavlova; in Rio he meets Darius Milhaud at dinner and Paul Claudel at supper the same evening. Claudel, then French Ambassador to Brazil and a passionate photographer, takes a superb study of Rubinstein, one of the best illustrations in the book.

On a subsequent visit to Rio the pianist hears a young Brazilian composer who earns his living by playing in a cinema — it is Villa-Lobos. In Mexico City, during the civil war, Rubinstein gives 26 concerts in under two months, and is paid in gold pieces, some of which he manages to send to his family in Poland. With the advent of the 20s, he returns to Paris, as much at home with Costeau at Le *Boeuf sur le Toit* as in the Salon of Baroness Edouard de Rothschild or at *Le Jordin de ma Soeur* a restaurant run by Elsa Maxwell. But if socialising ronsumes more and more of the indefatigable hachelor's time, women take up an even greater proportion.

No Don Juan, Rubinstein *likes* women as much as he lovea them. Many of the best stories in a book crammed with anecdotes concern his amorous adventures and often the author, not the lady, is ridiculed. The farcical ending to his tempestuous liaison with Gabriella, an opera-singer with the temperament of Carmen, her finest role, also involves Stravinsky and Szymanowski; his passionate affair with the Principessa Carla comes to an equally abrupt finish when he discovers her in bed with a Spaniard of his acquaintance. Every time Rubinstein passea a certain table in the grillroom of the Plaza Hotel, Buenos Aires, the husband of his current mistress remarks: "That fellow's a fairy, look how he reeks of perfume."

Having outlived all his contemporaries, Rubinstein has no need to guard his tongue, but he rarely indulges in malice. He pays generous tribute to rival pianists, acknowledging their technical superiority or their greater powers of application—his own busy social life leaves little time for practice. Then his marriage to a Polish girl 22 years his junior limits, if it does not curtail, his extra-musical engagements, while involvement in the recording industry forcea him to realise the inaccuracy of his playing, and to take steps to remedy the defects. Nela, his wife, accompanies him to China and Japan via the trans-Siberian railway, and on to Singapore. From the terrace of Raffles Hotel a voice shouts "Arthur!"—naturally, it is Noël Coward.

GOLF BY BEN WRIGHT, AT BALTUSROL, NEW JERSEY

Japan's Aoki matches Nicklaus

JACK NICKLAUS, he was only too ready to admit, had only himself to blame if he failed to win his fourth U.S. Open Championship and his 18th major title over the lower rourse of Baltusrol Golf Club, Springfield, New Jersey.

Nicklaus, who won the fifth championship, played at the club in 1967, was three shots ahead of his nearest rival after nine holes of the third round, but two damaging strokes dropped to par at the 14th and 15th holes enabled him only to match the par of 70 for a record-creating 54 holes total of 204, which was matched by his playing partner, the formidable Japanese Isao Aoki.

He has had ronnds of 63, 71 and 70 for a six under-par total of 204, as has the extraordinary Aoki after ronnds of 68, 68 and 68. Nicklaus has partnered the six-foot tall, 37-year-old son of a Japanese farmer for all four rounds.

He will not *say* it publicly, but told me that it had been a disconcerting experience, since Aoki appears to do everything wrong from the technical standpoint but putts like an angel with only the heel of his centre-shafted putter resting on the ground.

He strokes the ball with a *wristy flick*, making rontact very close to the heel of the club at the bottom of the shaft.

When Billy Casper won the 1959 U.S. Open, at Winged Foot, New York, he required only 113 putts for the 72 holes, generally regarded as the record. Aoki was well on schedule to beat this extraordinary total, since he had had 27, 23 and 31 putts for a total of 81 so far.

There appeared only four more golfers in with a chance, though it is always foolhardy to write off the chances of Lee Trevino, who was five strokes behind.

My own dark horse, Lon Hinkle, waa handily placed, one stroke behind the leaders at 205 after rounds of 66, 70 and 69, and there was a trio 206, comprising the favourite Tom Watson (71, 68, 67), the quiet man Mark Mayes, who shot an eagle three at the 18th hole on Saturday to record rounds of 66, 71 and 69.

The third member of the trio waa the blond Texan super-star-to-be Keith Fergus (66, 70, 70), who has yet to win a tournament.

Watson was obviously the danger, since at last he emerged from comparative obscurity on Saturday afternoon. He had dropped strokes to par with three putts on each of the third and sixth greens, and at that stage was nine shots behind Nicklaus.

But he recorded birdies at the eighth, tenth, 11th, 12th and 13th holes with putts ranging from 8 to 22 feet in length, to he right back *in* the hunt for the championship title for which ha craves so desperately.

Back to the duel between Nicklaus and Aoki. Nicklaus was in romplete rommand with a red-hot putter that earned him hirdies at the fourth, fifth and seventh holes from 20, 25, and 25 ft respectively.

The major drama was reserved for the last hour, as he dropped shots at the 14th and 15th holes to put Aoki back in the picture. The Japanese dropped shots at the 15th and 16th to look like a beaten man.

Nicklaus was bunkered beside the 14th green, and took three putts at the 15th, where Aoki dropped a stroke by going through the green and for once missing a 7 ft putt, for par. The Japanese was hunkered at the next hut rompletely turned the championship round with two magnificent hirdies at the 630-yard 17th and 542-yard 18th holes that Nicklaus rould not match.

At the monstrous 17th Aoki was bunkered from the tee, hut played a marvellous five-iron shot over the line of hunkers that crossed the fairway, hit another fine five iron shot to the green, and rolled in a 30 ft putt.

The 1978 World Match Play champion then played the last hola by the book with perfect drive, a lay-up with his No. 4 wood, and a pitch 15 ft behind the hole.

Again the putt bolted into the hole with massive certainty.

Nicklaus, who had hit two tiring wooden club shots to the front edge of the green, took three miserable putts, with his rival absolutely deadly on the green and Nicklaus himself struggling with failing nerves caused by the passing of time.

Hubert Green made a lasting mark on the history of this championship hy recording eight threes in a row from the 9th to the 16th holes. But his effort came too late to give him a realistic chance of winning.

CRICKET BY TREVOR BAILEY

Revival of Willis and Warwickshire

IF ANYONE had suggested before the season began that Bob Willis would he England's first choice bowler for the second Test, starting at Lord's on Thursday, or that Warwickshire would be serious challengers in the John Player League and the Schweppes rounty championship, I would have laughed.

Although unpredictability is one of cricket's greatest charms, this remarkable revitalisation of both player and club has taken me, and I suspect many others, completely by surprise. Never have I been more delighted to be wrong.

Last summer *Willis* looked at the end of his career as an international fast bowler. He had taken only nine wickets for Warwickshire in first class matches. In Australia, during the winter, he struggled and was not even given the new ball.

There is nothing new about fast bowlers in their late 20s and early 30s losing some of their original pace, but, like vintage wine, improving with age. Fred Trueman was a better bowler at 30 than when he first burst on to the international scene. The same is true of Dennis Lillee, who now employs the other skills available to a great fast howler with a classical action in addition to pace.

However, Bob Willis has never been that style of quick howler. His chief weapon has always been speed through the air romhined with the extra lift his height and wholehearted approach enabled him to extract from most wickets.

His frontal action and charge, rather than run up to the wicket, have meant he has never moved the ball, either in the air or off a plumh pitch aa much as, for example, John Snow.

What makes Willis's success at Trent Bridge so surprising was that it was achieved by pace, effort and accuracy, not the increase in subtlety which lengthened the careers of Trueman, Lillee and Lindwall.

Where, at 31, has Willis found this new fire? When I asked him this during the Essex game, even he did not appear too certain. It probably stems from several different factors.

He increased pre-season training, emphasising sprinting rather than distance running. The *challenge* of the Warwickshire captaincy and the need to show his young team that he was willing to attempt anything they were expected to do during the training schedule has helped. The essential rhythm in his run up—which deserted him in Australia—has returned. However, most important has been his sheer determination.

The revitalisation of Warwickshire cricket is just as remarkable and unexpected as that of its skipper. Last summer—apart *from a* brief sparkle in the Benson and Hedges Cup, which was ended by Essex—they were immediately eliminated from the Gillette Cup, slumped to 15th place in the county championship and were bottom of the Sunday league with only two victories.

Kallicharran's loss has been covered largely hy the marked improvement of three young batsmen, Smith, Lloyd and Claughton. Claughton's improvement is the most surprising. A former Oxford Univer*sity* player, he *was* generally regarded as a rather stodgy bat, who kept within his limitations.

He had a first-class brain and decided to enjoy a summer of cricket before concentrating on the financial world. He has suddenly discovered that he can hit the hall and has been making enough runs to suggest he could be far more than just another useful middle order rounty batsman. He is also among the five finest fielders in the country.

The Midland trio of young batsmen, together with Humpage, Oliver, and Maynard, a much improved wicket-keeper, have all benefited enormously from May's good wickets. The attack has tightened up, and Small, a teenage fast bowler horn, inevitably, in Barhados, but brought up in England, *appears to be an* excellent prospect.

The most dramatic aspect in Warwickshire's transformation is in the John Player League. They concentrated deliberately on 40-over matches in their pre-season training and it has paid handsomely.

Their bowlers, who had previously been too costly, have learned a great deal and are now providing the batting with the support required. Fielding, despite the presence of three not-too-mobile members, including Willis, has found new life.

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The EEC in better shape

THE EEC's Venice Summit has left the Community looking in rather better shape than it has done for many months. With the acrimonious dispute over Britain's budgetary contribution settled before the meeting, the leaders of the Nina were able to concentrate on broader issues. Those of them attending the coming weekend's seven-nation "World Summit" with President Carter will be able to present a fairly united European front. In their efforts to co-ordinate foreign policy, the Nine have taken an important step forward with a joint declaration on the Middle East. Internally, there are signs of a new determination to tackle the pressing financial and agricultural problems that need to be solved before the Community is enlarged to embrace Spain and Portugal.

World economy

The talks were not, however, a *100 per cent success*. The Heads of Government failed to take the only concrete decision facing them—the nomination of a new president for the European Commission to replace Mr. Roy Jenkins—and they did not, understandably perhaps, find any new solutions to the problems facing the world's economy. What they are likely to tell President Carter in a week's time is that some way must be found to arrest the oil price spiral—possibly by bringing the Third World into three-cornered discussions with the oil producers and industrialised consumers—and that the Western nations should try to avoid hitting the lowest trough of recession simultaneously.

As past summits have shown, it is easier to express sentiments than to put them into effect. But it is also increasingly clear that EEC Heads of Government are better at the traditional "fireside chat" than they are at taking specific decisions. The British budget problem was finally solved in a classic Community marathon in the Council of Ministers after presidents and prime ministers had twice failed.

The most striking achievement of the Venice talks was undoubtedly the Middle East statement, in which the Nine went closer than ever before towards accepting the Palestine Liberation Organisation as a negotiating partner and acknowledging if only by implication the ultimate logic of a Palestinian state. They went further than the Americans would have liked but not as far as the Palestinians wanted. The Americans, however, have already made it clear that they can live with the new European position.

It may be true that little practical progress can be made in peace negotiations before the U.S. presidential election. But that does not mean that the Europeans must accept that the whole of western foreign policy has to go into suspended animation. The world, and above all the Middle East, will not conveniently stand still every four years while the U.S. elects anew president. By launching a new series of diplomatic contacts the Europeans can show the Arabs that movement is still possible without necessarily undermining the stalled Camp David negotiations. In any case, by pointing out that the Palestinians will have to be involved in any lasting solution, they are only stating the obvious — whether the present Israeli Government likes it or not.

It is also significant that Japan, for the second time in a matter of weeks, has aligned itself behind a European foreign policy decision (the first was on Iranian sanctions). Here could be the first mumblings of a united allied voice that Washington will have to listen to with increasing attention.

Budget reform

Closer to home, Chancellor Schmidt made it clear in Venice that he is serious in demanding early budgetary and agricultural reforms. The Nine normally put off the solution of difficult internal problems until the last possible moment. Now, however, there are three strong incentives for grasping the nettle. Following the British budgetary settlement, the three most important countries, West Germany, France and Britain, are all net financial contributors to community policies; community spending will soon hit its ceiling; and the prospect of Greek, Spanish and Portuguese entry *makes* a *solution* even more urgent.

It may be that little can be achieved before the French presidential election next spring. But plenty of groundwork can be done between now and then. Herr Schmidt is right to set the end of next year as a deadline for reform. It can only be hoped that the Community, under British chairmanship in the second half of 1981, will learn the lessons of the past.

Why Renault must wait

AT A time when protectionism is increasing in many parts of the world and is being concealed beneath an ever-growing profusion of legalistic guises, there are bound to be misgivings about the British decision to refer to the Monopolies Commission the proposed merger of Godfrey Davis, Britain's leading car-hire company with Renault's subsidiary Europcar. Superficially, at least, this decision seems to have similarities with the French Government's recent bans on major takeover bids by Thorn and Lucas for French companies. Furthermore, it comes only four months after the Office of Fair Trading set the Monopolies Commission onto the bid for Highland Distilleries from Seagram's subsidiary, Hiram Walker. Taken together, these cases suggest a disturbing trend towards the use of competition policy as an instrument of protectionism.

Precedent

There are, however, two important aspects of the Godfrey Davis decision which enable the British Government to rebutt such a judgment. The first relates specifically to Godfrey Davis and Renault. Vertical integration between a major car rental company and a car manufacturer, of whatever nationality, raises issues of competition policy which are unconnected with protectionism. If this takeover were to set a precedent it could have irreversible effects on the structure of the car rental market and for this reason alone would warrant investigation. The opportunities for cross-subsidisation by a car manufacturer which wanted to increase its rental subsidiary's market dominance are considerable.

Europcar, on the other hand, will argue that it has succeeded in establishing itself as one of the largest car rental companies in Europe without so far abusing its relationship with Renault. Indeed, many countries it offers cars made by other manufacturers in preference to Renaults. Its present small operation in Britain rents Fords as well as Renaults. It will also be able to point out that its presence in other European markets has not had an anti-competitive effect.

However, none of this detracts from the OFT's justification in referring the proposed merger to the Monopolies Commission. For Britain's second, and most convincing, defence against charges of back-door protectionism, is that a reference to the Monopolies Commission in no way prejudges the Commission's conclusions. Unlike the French Government, which, for example, blocked Thorn's bid for Locatel, even after this was cleared by its own competition authorities, the British Government can act only on the recommendations of the Monopolies Commission.

Vague

Indeed it is one of the great merits of Britain's competition law that the decision to prevent a merger can be taken only on the recommendation of a non-political body; and that, unlike the American courts, for example, this body has to operate reasonably quickly.

Nevertheless, it is easy to understand the suspicions about political abuse of mergers policy which are widespread in Britain's business community and which the Godfrey Davis decision will probably arouse in France. For, although the OFT and the Monopolies Commission are substantially independent of the Government, the statutory criteria on which they base their judgements are so broad and vague that they inevitably force them to stray into areas of political controversy far removed from competition policy.

In judging a merger, the Monopolies Commission is required to consider a multiplicity of factors, including the effects on exports, employment, efficiency and the public interest generally, without any indication of how much weight these should be given relative to the Commission's prima concern, the protection of competition.

As we have argued before, reform and clarification of the law on mergers, in order to give clearer primacy to competition in the Monopolies Commission's deliberations, is now long overdue. In a clearer framework of law, it would be easier to distinguish protectionism from the protection of competition.

Videodisc gamble now past the point of no return

BY GUY DE JONQUIERES

SOME OF the world's biggest consumer electronics manufacturers are pouring hundreds of millions of dollars into videodisc systems, which they believe will revolutionise home entertainment in the 1980s. But there is no certainty that there is a market for their products.

RCA of the U.S. has already spent more on its Selectavision videodisc system than on developing any other product: more even than the $130m spent on its first colour televisions in the 1950s. Its two main rivals, Philips of the Netherlands and Victor Company of Japan (JVC) have each made huge commitments too, though they have not said how much.

The three competing systems all turn moving pictures and sound into billions of tiny signals on a disc which can be played back on ordinary television screens using a special player. The rivals are confident the world will clamour for pre-recorded feature films, programmed learning courses and classic sports events which can be shown and re-shown at home.

They admitted that—in the early stages, at least—demand will have to be stimulated. According to Dr. Herbert Schlosser, an executive vice-president of RCA: "The growth of the videodisc industry won't just happen automatically. The breadth, diversity and quality of *programme material* will *make* it happen."

RCA is due to launch its Selectavision system in the U.S. in the middle of next year. It expects to sell 200,000 players within the first year. In ten years' time, it predicts, it will sell as many as 6m players and 250m discs a year—a business it expects to be worth $7.5bn a year.

Not everyone is convinced. Sony, the Japanese consumer electronics giant, doubts that a big consumer market will develop quickly. It believes that at first videodisc systems will be sold in small quantities mainly for institutional and business use. Mackintosh Consultants of the UK, which analyses the electronics industry, forecast recently that annual sales of videodisc players in the U.S. would reach, at best, only 2m units by 1990 and could be less than half that.

The sceptics are unconvinced that videodisc players (likely to cost between $500 and $800 initially in the U.S.) offer sufficient advantages over the video cassette recorders already available to command a big market of their own. They also recall the example of quadraphonic records and players, which were launched on world markets a few years ago. Their backers expected them to overtake stereo records in popularity, but they turned out an expensive failure.

The videodisc pioneers have already gone too far too consider turning back now. The pace of their marketing preparations has hotted up recently, and each has formed an extensive and bewildering network of corporate alliances to buttress its strategy in the battle ahead. Particularly close attention is being given to the U.S., where early success is considered important to sales prospects on world markets.

Another factor adds to the sense of urgency. There is a widely-held view that in the longer run there may be room for only one—or at most two—systems, and that the eventual spoils will probably fall to the companies able to capture the big shares of sales early on. A share of around 40 per cent in a given market in the early years is talked of as a minimum target to ensure longer-term survival.

Like video cassette recorders (VCRs), each videodisc system is technically different. Discs designed for one system cannot be used on the others. This lack of compatibility is expected to prove more critical than for VCRs, which are mostly used to record programmes directly from television. Pre-recorded VCR cassettes are expensive, costing up to £40 for a full length feature film.

Videodisc systems, on the other hand, can only play pre-recorded material. Though discs are certain to be substantially cheaper than pre-recorded video cassettes, perhaps only a third of the cost, it is argued that the sheer expense of maintaining a large and varied stock of programme material on the market will eventually winnow out the competition.

Philips has been first into the field. It has test-marketed its VLP system in selected U.S. cities for several months via its American subsidiary, Magnavox. It plans to have the system on sale in 40 American states by Christmas.

At $775, the VLP player is the most expensive of the three—too expensive, its rivals claim, to become really popular. But Philips argues that buyers will be prepared to pay more for its technically sophisticated design, which employs a laser to scan optical data embedded in an almost indestructible disc. The company also says that further development will reduce the price of the player.

Philips has won over some leading Japanese consumer electronics manufacturers, which are set to adopt its disc technology (see table). But, at least one, Sanyo, is hedging its bets. It plans to make discs compatible with the RCA system as well. The failure of Japan's industry to align itself on a *single system* has *disappointed* its Government. But so far JVC has found only one apostle in its own country, its parent company Matsushita Electrical.

MCA, the big American entertainment company, will press discs for the Philips system in the U.S. *MCA has also* combined with IBM, which is interested chiefly in the data storage applications of optical disc technology, to form a joint venture, Discovision Associates. This has teamed up in turn with Pioneer of Japan, which is selling professional videodisc systems to business users. Some are already in use at General Motors.

Philips' trump card in software is MCA's large programme library, which includes a wide range of feature films, such as *Jaws* and *Butch Cassidy and the Sundance Kid*. It also has access, through the giant Polygram record company which it owns jointly with Siemens of Germany, to a store of pre-recorded music. This could be called on to produce, for example, videodiscs of concert performances.

RCA recently joined forces with Zenith, the biggest U.S. colour television manufacturer, whose distribution network will be a major asset in penetrating the American market. RCA's Selectavision is technologically the simplest of the three systems. It uses a diamond stylus to read a groved disc and lacks *some* features found on its two rivals, including stereo sound and the ability to freeze individual frames and play in slow motion.

The company claims that most buyers won't want these features. It believes that the player's low price (around $500) and a large library of programmes will be more important in attracting customers. It expects to have 300 disc titles available within the first year after the launch of the system. Its programme suppliers include CBS, Paramount, Twentieth Century Fox, *MGM*, *Walt Disney* and Rank. It will have access to such films as *Saturday Night Fever* and *20,000 Leagues Under the Sea*.

JVC has until recently been somewhat slower off the mark. Its VHD system is not due to go on sale in the U.S. until the end of next year, with a more or less simultaneous launch in *Europe*. *It* uses technology closer to that of RCA than to Philips, with an electrode guiding a stylus over a grooveless disc. No firm price has been announced for the player, though it is expected to be somewhere between its two rivals.

Within the past few weeks, JVC has beefed up the manufacturing and marketing arrangements for its system. In April, it signed an agreement to promote it in Europe in partnership with Thorn-EMI, a deal which in effect opened up the UK market. Last week, it announced plans to set up joint subsidiaries with General Electric of the U.S., Thorn-EMI and Matsushita to produce players and discs in the U.S. and to manage the provision of programme material.

One hurdle facing JVC has been that, as a Japanese company, it has had no ready access to programme material (or "software," as it is known in the industry) of interest to Western audiences. It has gone some way to solving this problem through its deal with Thorn-EMI, which has an extensive *collection of* recorded music and films, including *The Deerhunter* and *Death on the Nile*. In return, Thorn-EMI will have access at first hand to videodisc technology.

JVC and its allies expect to go even further. They hope also to use the planned U.S. production facilities to press discs containing material from a variety of sources as well as Thorn-EMI. They point out that few of the licences signed so far between other videodisc manufacturers and programme suppliers are exclusive: there is nothing to stop most software being offered simultaneously on all three systems.

That is most probably true. But the companies must still cross several bridges before they can be certain of offering as complete a catalogue of programme material as they would like. *There is a major problem* looming over copyrights because in a number of cases these do not provide for the use of material on videodisc.

The problem varies between countries and types of material. But broadly speaking, it most acutely affects recordings of previously broadcast television programmes. The BBC, for one, is in the middle of complex negotiations with performance and production unions over their demands for special royalties on material which it wants to sell for use on videodisc.

A second potential difficulty is in the production of the discs. Because the information they contain is coded in the form of billions of signals, accurate pressing is essential if good picture and sound quality is to be maintained. That means enforcing rigorous standards of precision and cleanliness closer to those found in micro-chip production than in a conventional audio record plant.

Videodisc manufacturers guard production details closely. It is known, however, that in some cases early yields from disc plants have been disappointing, and a good deal of attention is being paid to raising quality levels. Philips is spending about £10m on a factory at Blackburn in the UK, which will use a new disc production process.

The third challenge is more purely commercial. Purchasers of videodisc systems will expect a wide range of programme material to choose from. But initially, the demand for most individual titles will be relatively modest.

That will mean that it will be hard for manufacturers at first to reap the advantages of economies of scale.

Discs designed for one system cannot be used on others

Is the onset of a world recession the best time for a launch?

There are other, less easily definable uncertainties. Is the onset of a world recession the best time to launch a relatively expensive entertainment medium for which there is no proven demand? Will the public really want to replay the same pre-recorded programmes again and again? Will current videodisc technology be overtaken in a few years' time as has already happened with some VCR systems?

No one can be sure of the answers. The forthcoming commercial battle between videodisc manufacturers promises to provide one of the most exciting business spectacles that the consumer electronics industry has staged for some years.

THE VIDEODISC JUNGLE

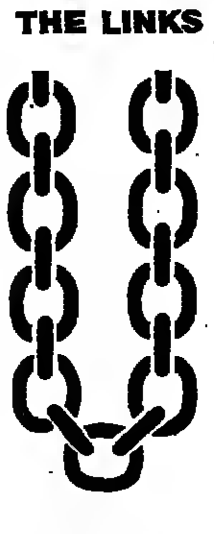
THE SYSTEMS

RCA — RCA SELECTAVISION: Grooved disc read by capacitive pick-up and diamond stylus.

JVC — JVC VHD: Smooth disc containing capacitive signal, read by sapphire stylus and electrode.

PHILIPS — PHILIPS VLP: Smooth reflective optical disc, read by laser.

THE LINKS



MAJOR CORPORATE LINK-UPS AND PLANS IN VIDEODISC HARDWARE

Philips/MCA (U.S.)	U.S. joint venture in disc manufacturing and software.
Philips and Discovision Associates	Exchange of disc technology.
Philips and Sony (Japan)	Exchange of technology for videodisc systems and other products.
Sanyo, Trio-Kenwood (Japan)	Licensed separately to manufacture Philips-type systems.
Sharp (Japan), Grundig (Germany)	Expected to manufacture Philips-type systems.
MCA and Pioneer (Japan)	Joint venture in discs and Philips-type systems for professional applications.
IBM and MCA	Discovision Associates: joint venture in disc technology.
Hitachi, Toshiba, Mitsubishi (Japan)	All working on optical disc systems.
JVC and Thorn-EMI (UK)	Agreement to promote videodisc systems in Europe.
JVC, Thorn-EMI, General Electric (U.S.) and Matsushita (Japan)	Proposed agreements on U.S. joint ventures for disc pressing and software management.
JVC, General Electric and Matsushita	Proposed agreements on U.S. joint venture to make videodisc players.
RCA, and Zenith (U.S.)	Co-operation in manufacturing videodisc systems.
Xerox (U.S.) and Thomson (France)	Agreement on joint development of optical disc technology for data storage.

MEN AND MATTERS

PO rewards its unsung hero

You may think that 1980 is a little late to be handing out Second World War medals, but there are sound security reasons behind Tommy Flowers' 40-year wait for a gong. His is not a household name—he and his achievements have been kept under wraps until recently — but it is spoken in awe in certain darkling alloys leading off the corridors of power.

PO chairman Sir William Barlow shed a little light at a modest ceremony in London, at which he presented Dr. Flowers with a silver medal struck by the PO subsidiary Telecom to mark "outstanding achievements in telecommunications."

Flowers, now 74, is the pioneer electronics engineer from whose early work at the GPO can be traced a thread which leads to the System X computerised switching system soon to be plugged into our telephone network.

Following the thread back to 1943, Sir William arrived at the GPO's Dollis Hill laboratory where Flowers planted a milestone historically far more significant than System X, taking a major part in the invention of an electronic brain—the word "computer" had not been invented—which helped crack the Germans' most sophisticated wartime codes.

With the aid of Flowers' gadgets and his Colossus computer government code-breakers first translated the cyphers of Germany's Enigma machine and later broke through the super-garbled codes produced by Hitler's Geheimschreiber which cryptanalysts had believed impregnable.

Even now many details of his work remain secret, but no doubt Flowers found plenty of non-classified small talk when he sat down after the ceremony with Boris Hagelin, the man who, I hear, unwittingly provided the Axis powers with some of their wartime code technology.

Russian-born Hagelin, now 88 and living in Sweden, refused early in the war to give his secret to Hitler. He elected to sell the machine to the U.S.—and to Stalin, through whose devious or unsuspecting fingers it somehow slipped into enemy hands.

Clive clamps down

With uncharacteristic disregard for the self-promotional potential of the Labour Party's weekend think-in, host Clive Jenkins declared in advance that the Press were to be kept out. Journalists, he said, should be locked outside the grounds of Whiteball College, the ASTMS training college in Bishops Stortford where Labour's leading lights gathered.

So he was none-too-pleased when he heard that certain conferees had arranged press conferences during the weekend. A telegram was rattled off to all members of the executive telling them that he could not hope to maintain strict security with half of Grub Street prowling through the shrubbery.

Rebuffed, he did what he should have done in the first place and insisted that every person going into the grounds should present proof of accreditation. Wives and children were not exempt. Nor was Joan Lestor's four-legged companion, who was seen ranging through the grounds sniffing out moles, and sporting a yellow badge proclaiming: "Butch Lestor, canine observer."

Court conflict

I am stunned to discover that one of our most respected judges is prepared to admit that he and his be-gaitered brethren may possibly, after all, be as fallible as we mere mortals. I speak of Lord Dilhorne, doubtless remembered by older readers as former Tory Attorney-General, Sir Reginald Manningham-Buller, and by less reverent ancients as Reggie Bullying-Manner.

"It is sometimes asserted," Lord Dilhorne pronounced during a contempt case last week, "that no judge will be influenced in his judgment by anything said in the media. . . . This claim to judicial superiority over human frailty is one that I find some difficulty in accepting."

On the other hand, for the peace of mind of those who prefer judges not to have feet of clay, I must report the wisdom of Lord Salmon, handed down during the very some case. "I am, and always have been," he stated with the certainty of a true immortal, "satisfied that no judge would be influenced in his judgment by what may be said in the media. If he were, he would not be fit to be a judge."

And where, I ask myself, does that leave Lord Dilhorne?

Pin money

My tale of the impact of inflation on get-rich-quick schemers stirred a retired Suffolk reader's memories of the time when he discovered that one of his senior employees had been placing small ads in a local paper: "Send 5/- for guaranteed scheme to avoid losses on the turf." During the inevitable dressing-down, the offender admitted to sending back slips of paper instructing punters to stop betting.

"I found out," my reader writes, "that he had been on to a very good thing, and, you will guess, quite a number of his victims had been clergymen and others of a like professional and social standing."

The guilty man, you will guess, was an accountant.

Slow show

My spies at the annual Poznan Trade Fair last week reported few signs that East European traders were interested in exploiting the commercial void left by the West's embargo on dealings with Iran.

Quiet for most of the show, the small Iranian pavilion started under a cloud. Following charges that it was being used as a propaganda outpost, chastened representatives quickly stowed hectoring pamphlets and revolutionary films under the counter.

Then the Iranian al fresco reception attracted only a handful of Polish officials and even fewer Westerners.

Rapid reaction

Back in Tehran, the French diplomatic community is noisily congratulating itself, to the discomfiture of the British, on the effectiveness of France's sanctions against Iran.

Within days of the embargo being imposed, French newspapers, magazines and new books have disappeared from the news-stands of the Iranian capital, thus depriving President Bani-Sadr and his other mostly French-trained colleagues of their staple reading diet.

The news blackout was imposed, I hear, by meticulous French customs men who have placed the strictest interpretation on the Elysian edict on trade and snipped Bani-Sadr's cultural lifeline. Certain cynical Britons, meanwhile, irritated by the smugness of the French, question the douaniers' wisdom, arguing that depriving the secular leadership and more moderate elements *of outside* information will only strengthen the arm of the hard-line mullahs.

Pedestrians only

Given its current run of good fortune, perhaps the roadside oil driller Carless, Capel and Leonard might consider replacing this muddlesome notice outside its premises in East London: "Carless visitors' car park."

Observer

Architectural gems can be office disasters

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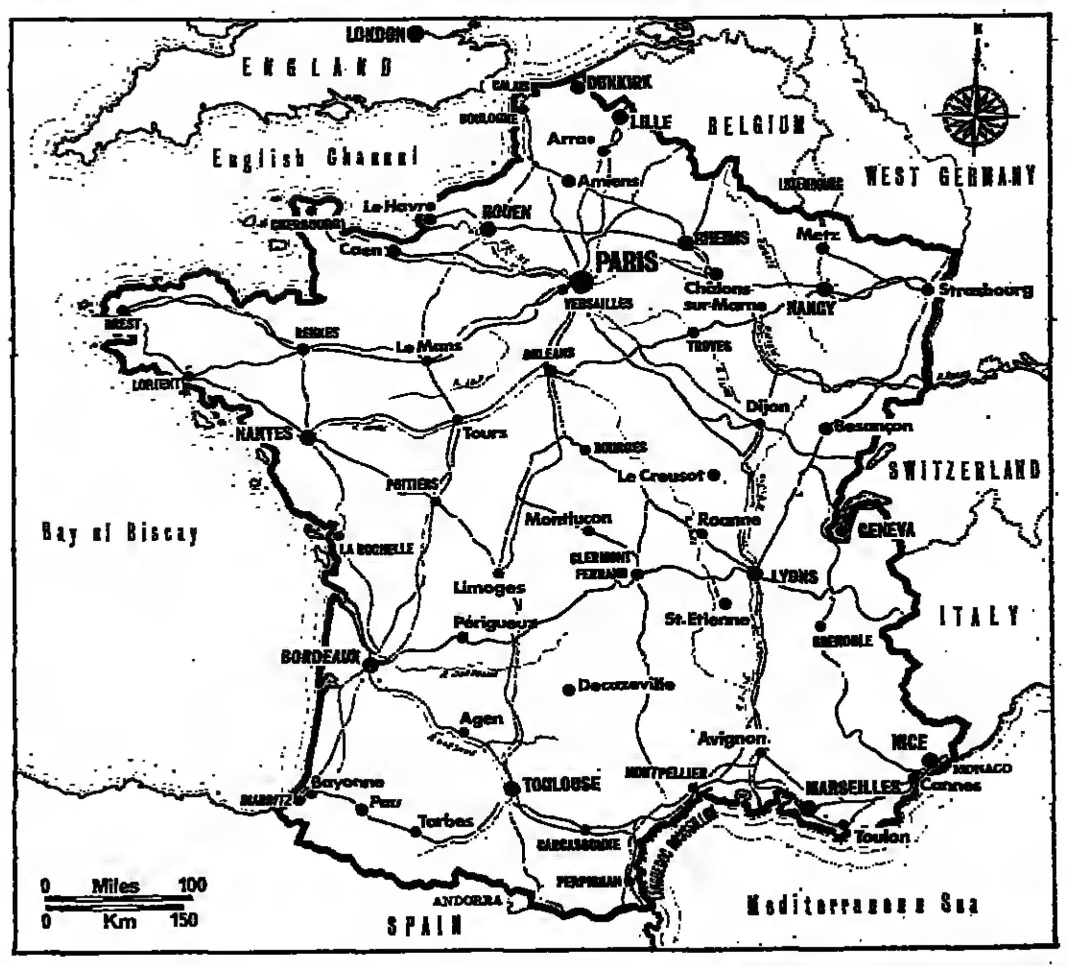
FINANCIAL TIMES SURVEY

Monday June 16 1980

FRANCE

France continues to maintain a highly individualistic stance both as a member of the European Community and as one of the world's leading industrialised nations. Despite economic pressures, there is little evidence of a serious challenge to President Giscard d'Estaing as he begins the last year of his current term of office



Giscard has no real rivals

By Robert Mauthner

IN LESS than 11 mooths' time the French will be going to the polls for the most important event in the country's political calendar—the election of the President of the Republic for a seven-year term. Yet despite the national predilection for raising the political temperature to fever pitch many months, if not years, before elections are due, France is currently in an untypically resigned mood, very different from that which preceded the 1978 Parliamentary election.

France's growing economic problems as the result of spiralling oil prices, the unpopularity of the economic austerity policies pursued by M. Raymond Barre, the Prime Minister, and the natural human desire *for* change after so many years of conservative rule have certainly together created the kind of conditions in which a close Presidential contest could normally be expected. What has been lacking up to now is a credible standard-bearer of the Left who stands a real chance of unseating the present incumbent, M. Valéry Giscard d'Estaing.

Though he has not yet announced his intentions, there seems little doubt that M. Giscard d'Estaing will run for a second term. Somewhat surprisingly, given the erosion of popularity which normally occurs during such a long period of office and the constant criticism to which he has been subjected—not only by the Left-wing opposition and trade unions but by the Gaullists—the President is still riding high in the public opinion polls.

Successive scandals involviog present and past members of the ruling establishment and the potentially damaging revelations about the gifts of diamoods which M. Giscard d'Estaing is alleged to have received from ex-Emperor Bokassa of the Central African Republic appear to have left little trace in the long run. In the latest public opinion poll—taken, significantly, after M. Giscard d'Estaing's much-criticised meeting in Warsaw with Mr. Leonid Brezhnev, the Soviet leader—as much as 53 per cent of a representative sample of the population expressed their confidence in the President's capacity to deal with France's curreot problems.

This compares with only 34 per cent in favour of M. Barre, whose determination to administer what he considers to be the right economic medicine to enable the country to absorb the oil price shock has been one of the most striking features of the last four years of President Giscard's terms of office. The results of the poll are an eloquent demonstration of how, under the French political system, the Prime Minister can be made to bear the burden of unpopularity for the Government's economic policies while the President appears to remain relatively immune to criticism on this score.

M. Barre's *willingness* to play this constitutional role of whipping-boy—whereas his predecessor, M. Jacques Chirac, manifestly had ideas above his station—is probably one of the two main reasons why the President has kept him on. The other is that M. Barre's prescription for the economy is clearly in line with the President's own ideas. There would be no point in changing his Prime Minister unless the President wanted to apply different policies — and that, given the present domestic and international economic situation, would be courting disaster.

If, for the moment, President Giscard d'Estaing's position still appears to be impregnable, it is mainly because the Left-wing opposition parties have failed lamentably to establish a common front. Their state of disarray is, *if anything*, greater even than at the time of the 1978 general election, when the quarrels between the Socialists and Communists about their common programme cost them a victory which was in their grasp.

Alliance

Against all odds, the Socialists continue to pay lip service to the Unioo of the Left, not only *for* ideological reasons but because they believe that only an alliance with the Communists will open the door to a change of regime. The Communists, however, have long made it clear that they are much more interested in strengthening their own position in the country thao in resuscitating the Union of the Left, which would ioevitably be dominated by the more powerful Socialists.

Not only do the two parties disagree over domestic policies; *they have drawn even further* apart over international issues. In one of the most cynical and disconcerting changes of direction made by any French political party in recent years, the Communists have virtually abandoned their previous Euro-communist line and returned to the Moscow fold. The last nail was hammered into the coffin of Left-wing unity when the French Communist Party supported the Soviet invasion of Afghanistan and sealed its approval with a visit by M. Georges Marchais to Moscow, where the long-estranged prodigal son was warmly welcomed by Mr. Brezhnev.

There will thus be no joint Left-wing candidate in the next Presidential election. While it is already clear that M. Marchais will run separately as the Communist candidate, the Socialists are still squabbling among themselves about whom to nominate as their representative—M. François Mitterrand, the 63-year-old party leader, or M. Michel Rocard, the brilliant standard-bearer of the *party's Right wing and 14 years* M. Mitterrand's junior.

If it were just a matter of personalities, a solution could easily be found. M. Mitterrand, who has already run unsuccessfully in two previous presidential elections, no longer has the popular following he once had. Successive public opinioo polls show that he is lagging far behind M. Rocard in the popularity stakes and that M. Rocard would stand a much better chance than M. Mitterrand of beating M. Giscard d'Estaing in a straight second round run-off.

The Mitterrandists retained control of the party at the last Socialist Congress in *Metz* in 1979, but only at the price of forging an alliance with a Left-wing faction known as the CERES. The association of these two Socialist strands has reinforced the party's official policy of support for a Union of the Left and its advocacy of a centralised brand of Socialism, including a sweeping nationalisation programme.

The minority wing led by M. Rocard and M. Pierre Mauroy, the Mayor of Lille and president of the powerful Nord-Pas de Calais Federation, can broadly be described as Social Democratic, though it is to the Left of both the British Labour Party and the West German SPD.

There is an obvious danger that the Socialist Party might tear itself apart when it finally decides to nominate its candidate at the end of this year. To prevent this happening, M. Mitterrand has already begun to polish his image as the great unifier of the party and the man who is best able to personify its various trends. But what is good for the party is not necessarily to the taste of the country at large. If M. Mitterrand is nominated, all the signs are that the Socialists would be signing a blank cheque to President Giscard.

The other challenge which M. Giscard d'Estaing faces is from M. Jacques Chirac, the leader of the Gaullist RPR Party, who has been snapping at his heels ever since his resignation as Prime Minister in August 1976. Though no-one should underestimate M. Chirac's capacity to explode political bombshells whenever he wants, he has been strangely quiescent lately, mainly because his previous aggressive tactics did not produce the desired results.

In the field of foreign and defence affairs, the President has cleverly stolen the Gaullists' clothes by adopting a stance which is not easily distioguishable from that of General de Gaulle himself. On the domestic front the Gaullists' bluff has always been called, even when they appeared to be in a very strong position, as they were in the 1980 budget debate early this year. The fact is that the Gaullists have never been prepared to take their opposition to President Giscard and his Government as far as voting a censure motion in the *National Assembly*, because they fear that they would be decimated in an ensuing general election and thus let in a Left-wing Government.

President Giscard d'Estaing has thus embarked on the last year of his term of office in a particularly strong position, not so much because of what he has achieved but because of what his opponents have failed to achieve.

Despite the widespread discontent with the Governmeot's economic policies and disappointment that the promise of the President's early social reforms has not been confirmed by a second and more fundamental round, it is difficult to see at the momeot how he can be unseated.

BASIC STATISTICS

Area: 210,039 sq. miles;	543,998 sq. km
Population (1978)	53.28m
GNP (1978)	FFr 2,135bn
Per capita	FFr 40,073
Trade (1979):	
Exports	FFr 424.8bn
Imports	FFr 454.7bn
Exports to UK	FFr 4,064m
Imports from UK	FFr 3,070m
Currency: FFr 9.645 = £1	

CONTENTS

Except for the article on agriculture, this survey was written by our Paris staff — ROBERT MAUTHNER, TERRY *DODSWORTH* and DAVID WHITE.

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Encouraging display of resilience

Economy

DESPITE ALL the gloom and despondancy spread by domestic commentators, the French economy is weathering the storm caused by the escalation of oil prices rather better than expected. Tha question whether M. Raymond Barre—the Prime Minister brought in by President Giscard d'Estaing in the autumn of 1976 to put an ailing economy back on its feet—has achieved all his targets is no longer strictly relevant. The international economic climate has deteriorated to such an extent over the last 18 months that the simultaneous achievement of high growth, halance of payments equilibrium, single-digit inflation and a reduction in unemployment has become no more than a pipe-dresm for a major oil importer like France.

In a moment nf exasperation at all the criticism heaped upon bis head daily by the Left-wing Opposition, by the Gaullists, who theoretically support the Government and, not least, by the Press, M. Barre explained: "My problem is tha survival of France." The fact is that, despite all its problems, the French economy bas not only survived but bas shown encouraging resilience. Though a downturn is expected in the second half of this year, there are no indication that *France*, nnlike the *U.S.* and *the* UK, is facing a real recession.

Both the French Economics Ministry and the OECD are currently forecasting an increase in Gross National Prodnct (GNP) of 2.5 per cent in 1980 which, though one percentage point lower than the 1979 growth rate, would still he a satisfactory performance in the present international context.

Conflicting

The latest studies by the National Institute of Statistics (INSEE), the French Employers' Federation and other economic forecasting organisations are somewbat conflicting in their predictions of the economic outlook for the next few months. While demand for consumer goods, with the notahle exception of cars, has fallen off over the last three months after a period of lively expansion, business leaders have remained relatively optimistic about their short-term prospects.

The INSEE experts believe that industrial prodnction, whicb in March was still rising and was more *than 3 per* cent higber than 12 months previously, will fall during the second balf of 1980. The slowdown is expected to hit the consumer goods industry first, to be followed hy a decline in the production of semi-finished goods, mainly because of weak foreign demand.

Not *surprisingly*, given the slack international economic climate, the experts foresee a much more moderate growth in exports, which in *1979* jumped by 10 *per cent* in volume and 20 per cent in value and thus gave a substantial boost to economic activity.

Yet they are far from pessimistic. The prospects for the capital goods industry are much better than those for consumer and semi-finisbed goods. After three to fonr years of very weak growth, a new investment cycle, which started in the spring of 1978 and which, after a pause at the beginning of 1979, accelerated sharply in the middle of last year, is expected to maintain its momentum in 1980. Indeed investments are expected to be the main "motor" of the French economy in the current year.

This is a significant conclusion, for it says much about the success of the Barre Plan in at least one field: the reinforcement, rationalisation and modernisation of the country's *industrial* structure. The freeing of industrial prices has enabled most companies to generate suhstantial profits in 1979, to reduce their indebtedness and to finance a higger proportion of their investments out of own resources.

Financing

The latest figures are an eloquent comment on what has heen achieved over the past few years. Industrial financing out of own resources bas risen *sharply* over the last four years from 61 per cent in 1976 to nearly 77 per cent in 1979. At the same time debt interest payments have fallen from 6.9 per cent of the value added by companies in 1974 to 5 per cent last year. In other words, after the payment of wages, taxes, interest, dividends and social security contrihutions, companies are able to save more and thus to allocate bigger sums out of tbeir own resources to investments.

The freeing of industrial prices, some retail prices and trading margins, bas allowed most companies to pass on most of the increased cost of oil and industrial raw materials to their *selling prices. Industry has also* been helped by M. Barre's restrictive incomes policy which is aimed at keeping wage and salary increases down to the rise in the cost-of-living index, except for the lowest income groups. A recent study by the Banque de Paris et des Pays-Bas shows that, as a result, unit wage costs rose by no more than 9.1 per cent in 1979, compared with an increase of 12.1 per cent of manufacturing and export prices.

Tbe improved financial position of companies also means that they bave been less affected by the tight monetary and credit policies whicb the Government has no intention of abandoning until inflation has been brougbt under control. While it is true that the larger companies never had much trouble in raising enough bank finance to meet their *requirements*, this was often at the expense of small companies which were squeezed out of the market by the ceilings set for credit expansion. These have been progressively reinforced over the last few years.

So bas the ceiling for the expansion of M3 money supply, though the out-turn has rarely matched the objective which the authorities set themaelves. The average annual growth in money supply last year—when the official target was 11 per cent, as it is for 1980—was 12.3 per cent, and over the 12 months from Decembar '78 tn December '79 as much as 14.3 per cent.

The new Governor of the Bank of France, M. Renand de la Geniere, was quick off the mark in his first report to Presidant Giscard d'Estaing to warn the authorities of the bazards of not keeping to its monetary targets and of allowing bank lending to industry and to bouseholds to progress too rapidly. Only on condition that monetary policy remained restrictive and the growth target of 11 per cent was respected would it be possihle to keep prices and nominal wages in check.

The Governor could bave added, but did not, that the national budgets for 1978 and 1979 were hardly deflationary at least in the way they were implemented. Presented with deficits of FFr 8.5bn and FFr 15hn respectively, supplementary expenditure booosted the final shortfall to as much as FFr 35bn in 1978 and FFr 37bn in 1979. The consequent boost given to economic activity was offset hy a continuing bigb rate of inflation, wbich remains one of the big hugbears *nf the present* administration.

After price rises of 9.7 per cent in 1978 and 11.8 per cent in 1979, the French rate of inflation is expected to increase to at least 12.5 per cent in the current year, according to the most optimistic forecasts. M. Barre's ocjective of reducing the gap between the French and West German inflation rates—a particularly important consideration given that West Germany is France's main trading partner—is still as far from attainment as it ever was. For the rise in German prices has been accompanied by similar increases in French prices.

The surge in consumer prices has heen particularly strong during the first four months of this year, with the year-on-year increase np to the end of April reaching 13.8 per cent. But as a result of the expected slowdown in economic activity during the second balf of this year, inflation should begin to slow down—on condition, of course, that a new wave of oil price increases does not upset all the forecasts.

Needless to say, the sharp rise in the price of imported oil over the past nine months has also played bavoc with France's balance of payments, though the damage bas been *limited* by three important factors: the country's exceptionally good export performance in 1979, a substantial services surplus and the *strength* of the franc on the foreign exchange markets.

In spite of an oil bill of nearly FFr 70bn last year, the trade deficit was kept down to *FFr* 10bn, while the current account was still in surplus to the tune of FFr 6hn. But further increases in OPEC oil since the autumn of 1979 will send up the oil bill to at least FFr 120bn in the current year and inevitably push the balance of payments into deficits. According to the latest official estimates the current sbortfall in 1980 is expected to be in *the region of FFr 20*bn.

Significantly, the rapidly deteriorating trade figures have not so far produced any pressures on the franc, whose strength not only against the dollar but against the world's most solid currencies has been one of M. Barre's main causes for satisfaction. The Prime Minister and former economics professor has always maintained that none of France's problems can he solved without a strong currency. The franc's performance on the exchange markets over the past year has at least demonstrated that international confidence in M. Barre's economic policies is still high, whatever the criticisms on the domestic front.

During the 12 months between the entry into effect of the European Monetary System (EMS) and March 1980 the French franc appreciated by 1.9 per cent against the Belgian franc and hy 1.22 per cent against the Irish punt. It remained practically stable against the Italian lira and the Dutch guilder. During the same period, the D-Mark appreciated by no more than *1.3* per cent against the French currency. The fluctuations of the French franc were thus very limited and remained well within the 2.25 per cent margins laid down in the EMS.

This comforting picture might change somewhat with a mounting balance nf payments deficit. But the official view is that a FFr 20bn deficit can be financed relatively easily. France's foreign indebtedness is low hy international standards, its credit rating remains high and its gold and foreign currency reserves amount to more than FFr 240bn.

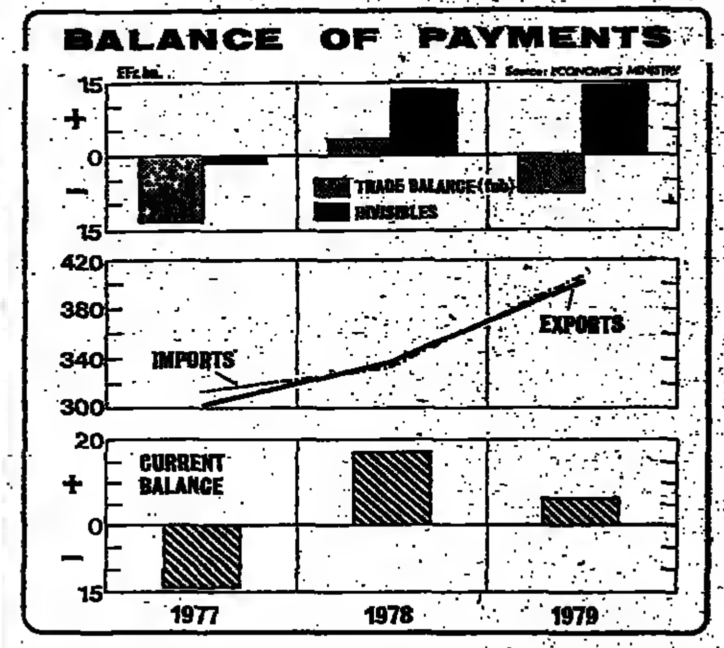
There can be little doubt that M. Barre has no intention of changing the course of his basic economic policies in the foreseeable future. But it is equally certain that domestic pressures in favour of a more expansionary stance will grow rapidly during the run-up to the next presidential election, due in May 1981.

Whatever his international reputation, the Prime Minister is hardly a prophet in his own land and is unpopular not only with the Left-wing Opposition, which is not surprising, but with the Gaullists and, not least, the trade unions. The latter, it should be said, have some justification for their anger. Not only is unemployment constantly rising — at the last count the number of unsatisfied job applications exceeded 1.4m —but prices are rising faster than purchasing power. At least that is what the unions claim. M. Barre still maintains that the disposable incomes of households, including social security benefits, rose by 1.9 per cent last year.

True or not, it is certain that disposable incomes bave been growing much less quickly than the 3 to 4 per cent annual rate which workers have hecome accustomed to and it looks as if France may be on the verge of a fall in living standards, however modest, if present policies are not relaxed.

That presents President Giscard and M. Barre with a real dilemma in an election period. Probably, a small boost will be given to the economy in the summer through the adoption of measures to stimulate the flagging housing and building sector. But a fundamental modification of the Government's restrictive policies appears to be out of the question so long as inflation and the balance of payments are not under control.

R.M.



Firm handling of the economy by Prime Minister Raymond Barre (left) is the main defence against the threat to the balance of payments of the rising oil bill

Delicate balancing act

Foreign Policy

THE ELECTION of M. Valery Giscard d'Estaing as President of France in 1974 was seen by most domestic and foreign observers at the time as marking the end of a great era of French foreign policy. M. Giscard d'Estaing, according to the conventional wisdom, lacked both the overpowering personality of General de Gaulle and the political astuteness of M. Georges Pompidou, his immediate predecessor, to conduct a genuinely independent foreign policy. *Above all*, it was a field in which be bad had taken little interest before his election and for which he was said to bave no real feel.

The Gaullists and Communists suspected M. Giscard d'Estaing of wanting to take France hack into NATO, from which it had withdrawn in 1966, and it was generally believed that the new President would draw closer to the U.S. at the expense of France's traditionally close relations with tha Soviet Union. In *some* ways this view reflected a new mood in the country. To many French people M. Giscard *d'Estaing* was the welcome symbol of a medium-sized State, more concerned with promoting national economic prosperity than stamping France's personality on international politics.

The pundits were proved wrong. Partly under domestic political pressure bnt also because the powerful position of the French presidency appears to confer on every incumbent an acute sense of France's mission — a kind of Joan of Arc syndrome—President Giscard's foreign policy has remained highly ambitious.

Criticism

The fact that in recent weeks hoth the implementation and general coherence of French foreign policy has heen subject to strong criticism at homa and abroad should not detract from some of President Giscard's earlier achievaments. Without jettisoning any fundamental Gaullist principles, such as independence from the two super-powers and the need to maintain an independent national nuclear deterrent and defence policy, M. Giscard d'Estaing substantially improved relations with the U.S. for several years after his election.

At the same time, thanks to a close personal relationship with Chancellor Helmut Schmidt, the alliance between France and West Germany, which both countries consider to be the cornerstone of the European Community and stability in Western Europe, has been strengthened to an extent undreamed of even hy General de Gaulle and Dr. Konrad Adenauer. During the recent international uproar over M. Giscard d'Estaing's Warsaw meeting with Mr. Leonid Brezhnev, the Soviet leader, Herr Schmidt, alone among Western leaders, supported the Frencb President'a policy.

France's Middle East policy has been successful in securing its oil life-line. President Giscard's open support for Palestinian self-determination during his tour of the Gulf States and Jordan several months ago won him a lot of friends among the moderate Arab oil-producing States, though Mr. Yasser Arafat, the Palestinian leader, continues to criticise France for not going far enough. In the Third World in general France is looked on as the most non-aligned of the Western nations and therefore among the most acceptable political and economic partners.

Where, then, did the scenario go wrong and why bas President Giscard risked upsetting the delicate balance between France's relations with the U.S. and the Soviet Union hy leaning over backwards to accommodate the latter?

As far as the Frencb are concerned, the root of the problem lies in President Jimmy Carter's "indecisive and incoherent" foreign policy and the failure of the U.S. to consult its allies on several important recent foreign policy moves. The view in Paris is that it is not enough to condemn the Soviet Union for its invasion of Afghanistan, as the French bave done themselves in very strong terms: efforts must be made to find an acceptahle political solution to the problem.

Only if the lines of communi*cation to Moscow* are *kept* open will there he any chance of persuading the Russians to agree to a solution which, according to the French, must provide for the withdrawal of Soviet troops from Afghanistan, free elections and international guarantees of the country's non-aligned status. Failing high-level contacts between the Soviet Union and the West, there is a real risk of another world war hreaking out.

If President Carter does not make any move himself to meet Mr. Brezhnev, there is no reason why President Giscard sbould not take it upon himself to explain the West's position to the Soviet leader. Such a meeting was considered all the more important by the French President since be believes that the U.S. has not been sending the right "signals" to Moscow *defining the acceptahle limits* of Soviet actions, beyond which world peace would be endangered.

Normally the French President'a decision to meet Mr. Brezhnev would have been greeted by French public opinion as a welcome sign of France's independent foreign policy. After last month's Warsaw meeting, however, domestic reactions were as unfavourable as the criticisms from the U.S. and some of France's other Western allies.

Official explanations hava been far from convincing. The "lines of communication" argument, while basically approved even by President Giscard's political opponents, was considered to he spurious in the case of the Franco-Soviet summit in Warsaw. The meeting, after all, followed hard on the beels of the visit of Mr. Andrei Gromyko, the Soviet Foreign Minister, to Paris, during which be bad long talks with both President Giscard and his French opposite number, M. Jean Francois-Poncet.

The Frencb Foreign Minister himself admitted that these talks bad not produced any fundamental change in the Soviet position on Afghanistan. So what was the point of a summit meeting a few days later? Most commentators and a large part of the political establishment, inclnding some of the President's own supporters, believe that he made a gaffe in meeting Mr. Brezhnev at this stage.

Demonstrate

Not only did it underline the *dissent* in the Western camp at a time when only a united front could force the Soviet Union to change course; it enabled Mr. Brezhnev to demonstrate to his own people and public opinion in the other Eastern European countries that Moscow was no longer isolated as the result of its intervention in Afghanistan.

Even before the Franco-Soviet summit in Warsaw, President Giscard's judgment on a number of important foreign policy issues was increasingly coming under fire. In Africa, tha French-backed coup which overthrew the "Emperor" Bokassa of the Central African Empire in September last year, underlined the fact that France had for years supported a particularly vicious dictatorial regime, which it abandoned only after its brutalities had heen exposed hy Amnesty International and a commission of other African States.

The French Government's policy on a hoycott of the Moscow Olympics bas heen *particularly ambiguous*. It was initiated by an official statement that tha Government did not consider a boycott of tha Olympics to be an "appropriate response" to the Soviet intervention in Afghanistan, but that it was up to the national Olympics Committee to decide whether French athletes would participate or not.

Subsequently the Minister of Sports attenuated this position by stating that there would be no point in France taking part in the Olympics if most of the other Western nations decided on a boycott. After it became clear that the West German Government was putting strong pressure on its national Olympics Committee to boycott the games, French Government officials began lobbying their own committee to align its position on that of tha Germans. All was to no avail. The French committee decided on participation on the day before the Germans opted for a boycott. The treasnred Franco-German front was thus broken because the French Government bad not taken a firm enough position in the first place.

The decision by President Giscard not to attend Marshal Tito's funeral was another recent foreign policy decision which caused raised eyebrows in France. The President's explanation was that it coincided with a Franco-African summit conference in Nice for which he was the host and that in any case Marshal Tito did not attend the *funerals* of General de Gaulle and M. Georges Pompidou. But most French commentators expressed the opinion that the President had missed a unique opportunity of demonstrating France's support for Yugoslavia's non-aligned position within the Communist camp.

The mounting criticisms of the President's foreign policy to be heard in France today is not confined to complaints about his lack of judgment. His political opponents claim that he is unduly influenced by electoral considerations. They allege, for instance, that ona of the President's motives in meeting Mr. Brezhnev in Warsaw was to neutralise the Communist voters in the second round of next year's presidential election, which is likely to produce a straight fight between M. Giscard d'Estaing and a Socialist candidate. Massive abstentions by Communist voters in tha run-off would make President Giscard's re-election a virtual certainty.

If that is the case, it is only fair to add that the President has not allowed domestic factors of the same kind to influence his Middle East policy. His pro-Palestinian stance has alienated a substantial section of the Jewish electorate and a few hundred thousand Jewish votes could make a considerable difference to the outcome of the election, if the close results of the most recent presidential elections are any guide.

The Arab-Israeli *confrontation* is another area in which the U.S. and France have not seen eye-to-eye and could create further strains between the two countries. The French have always maintained that the Camp David agreements were doomed to failure because they did not involve the participation of one of the main parties to the conflict, the Palestine Liberation Organisation. President Giscard has been one of the leading protagonists of a European initiative in this field and the statement by President Carter that the U.S. would veto in the UN any move hy the Europeans to enshrine Palestinian self-determination in a UN resolution bodes ill for the future of Franco-American relations.

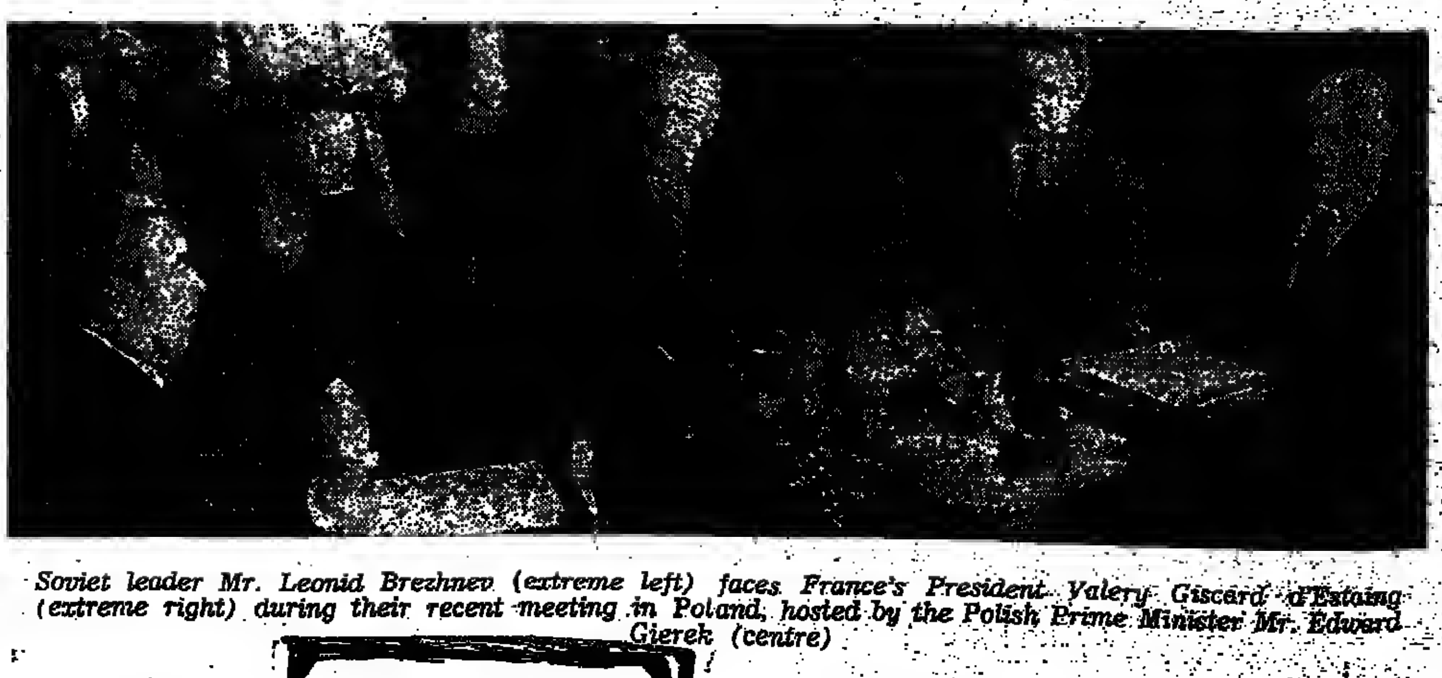
What is certain is that Presidant Giscard's early successes in the foreign policy field have been followed by a period during which his touch has become less sure. In Europe the solidity af the Franco-German alliance remains intact. But relations with Britain have bene seriously undermined as the result of the quarrels over sheepmeat and the UK's contributions to the Community budget.

Clashes

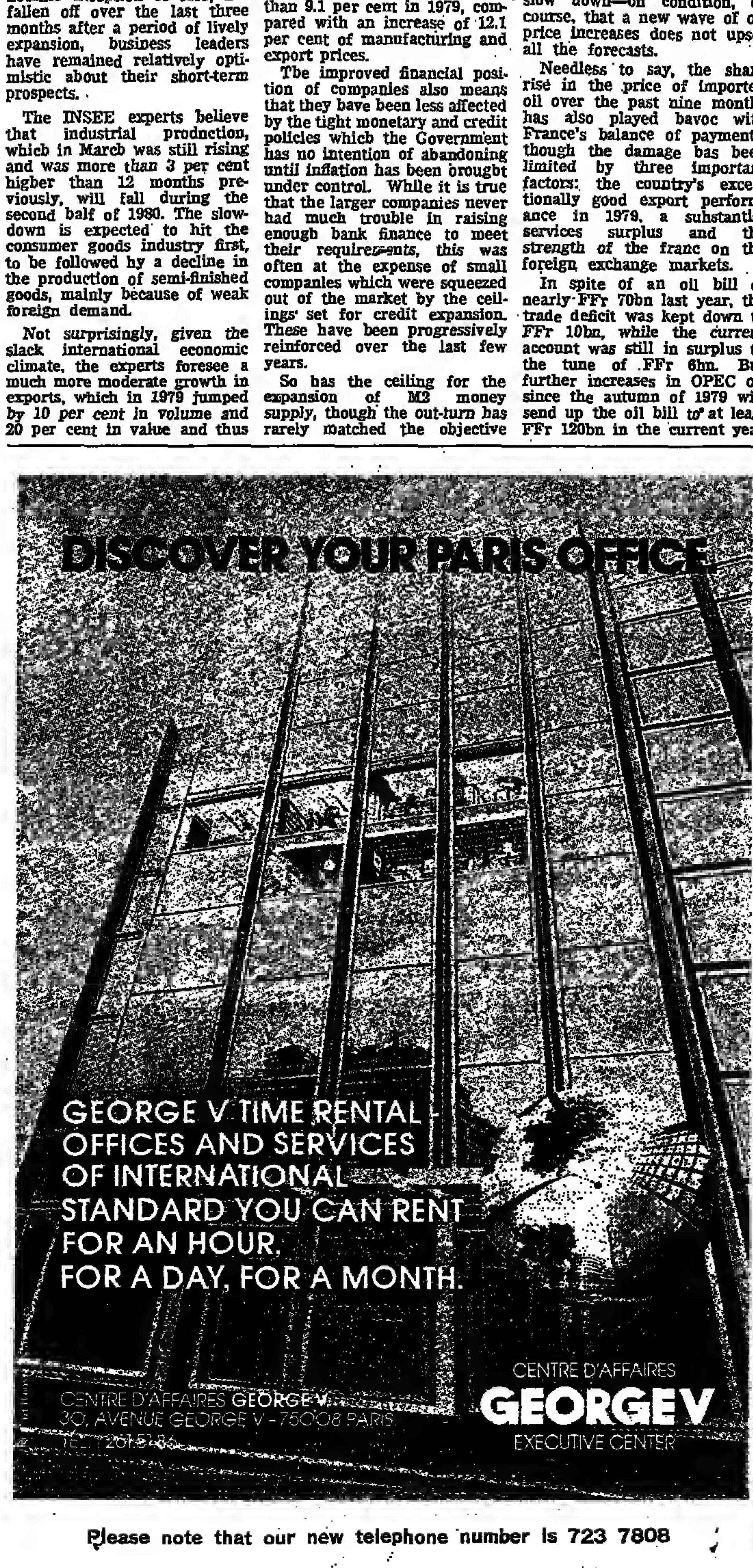
In East-West relations the President has laterly heen unable to maintain the halance which be achieved in the early years of his term of office in maintaining good relations with both the U.S. and the Soviet Union. From a domestic point of view that will probably not harm him. A large section of the French population still appreciates a Gaullist stance in foreign policy and looks upon periodical clashes with one or nther of the super-powers as no more than the natural consequence of conducting an independent policy.

In the international field, however, France's ability to influence events depends on good working relations with both the U.S. and the Soviet Union, as well as with its European partners and the Third World. Over the past year or so the tightrope walker has begun to wobble a bit and many foreign observers feel that he is losing his sense of equilibrium.

R.M.



Soviet leader Mr. Leonid Brezhnev (extreme left) faces France's President Valery Giscard d'Estaing (extreme right) during their recent meeting in Poland, hosted by the Polish Prime Minister Mr. Edward Gierek (centre)



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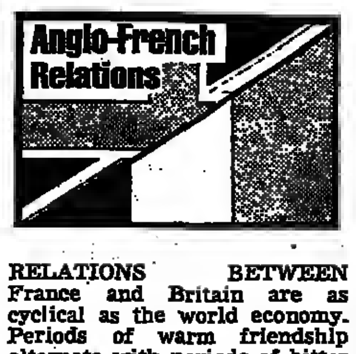

Need for positive approach

RELATIONS BETWEEN France and Britain are as cyclical as the world economy. Periods of warm friendship alternate with periods of bitter tension and hostility, as during the current rows over British lamb imports into Franceand the UK's contribution to the European Community budget. The two countries have a love-hate relationship, the roots of which are buried deep in their intertwined histories, their differing cultures and their different racial origins.

The historical baggage which Britain and France bring into every bilateral and international negotiation is enormous. It is part of the subconscious of each citizen of the two nations. Any dispute, if it lasts long enough, soon reaches an emotional, even hysterical pitch, normally attained between most other countries only in times of war.

When the gloves are off, everything is thrown into the ring. An unsophisticated observer of the long drawn-out battles between France and Britain within the Common Market might have thought that they were about lamb, farm prices and budgetary contributions. In fact they were about much more than that. When Mrs. Margaret Thatcher, the British Prime Minister, blocked farm price increases, she was burning Joan of Arc all over again and sending Napoleon Bonaparte into exile. When France banned British imports of lamb, the whole British nation recalled General de Gaulle's veto of its entry into the EEC.

Crecy, Agincourt, Trafalgar, Waterloo, the bitter 19th century colonial rivalries, the Entente Cordiale, the betrayal of the Allied cause by the Vichy Government during World War II, the sinking by the British of the French fleet at Mers-el-Kebir, all help to explain the passionate relationship between the two countries.

Add to this mixture a strong dose of mutual admiration and affection for the other's life style, culture and, not least, idiosyncracies, and you have the perfect recipe for scizophrenia. French cooing over the British Royal Family, phlegmatic Indian army colonela and Marks and Spencer cashmere sweaters can change at the drop of a hat to a vicious tirade against a whole host of real and imagined English failings — and vice versa.

If history is part of the explanation for the extraordinary tendency of the two peoples to get steamed up about each other, so is a fundamental difference between French and British modes of thought. It may sound like a cliché and a facile generalisation to say that the British are essentially pragmatic while the French are basically Cartesian, attached to clear ideas even if they are impractical, but there is a lot of truth in it.

Anglo-French quarrels over the last two decades have been mainly about European integration, the Atlantic Alliance and the relationship between Europe and the U.S. For the British it was perfectly conceivable to reconcile the building of Europe with the maintenance of close trading links with members of the Commonwealth and a close relationship with the U.S. within NATO. For the French such a confusion of conflicting interests could only lead to the watering down of the European venture.

Not surprisingly, it is only when the leaders of the two countries adopt each other's modes of thoughts that relations begin to improve. Thus Mr. Edward Heath was widely admired in France for his deep European convictions, while the late President Pompidou could get through to the British because of his pragmatism. It was no mare chance of fate that these two men were able to establish a close working relationship, which opened the door of the European Community to Britain's membership.

After the ice age in Anglo-French relations dnring Labour's term of office, much was expected in France of Mrs. Margaret Thatcher. The French ruling establishment looked upon Mrs. Thatcher as a strong personality who could put Britain's economy on the rails again. The fact that the Conservative Government's economic doctrine was very close to that of M. Raymond Barre, the French Prime Minister, was clearly another important factor which could bring about an improvement in Anglo-French relations.

As so often during the last 20 years, things went wrong again because of fundamental disagreements within the European Community. Now that the problems of the UK's contribution to the Community budget and the fixing of farm prices has been temporarily settled, there is little point in raking over the details of the quarrel. Suffice to say that, by their own standards, both countries were right. Britain was clearly justified in demanding a reduction of its huge net contribution to the Community budget, given that it was the third poorest member of the EEC.

But the French had a powerful argument when they pointed out that the UK had accepted the "own resources" financing system as part of its membership terms and that its large financial contribution was the result of failure to adapt itself to the Community's trading patterns.

To those who followed the lengthy negotiations as reasonably detached observers, it is *clear that an enormous effort* of statesmanship and imagination will be required if the same bitter disagreements are not to break out again and the European Community is to be preserved. For only those wearing very large blinkers can deny that the basic interests of the two countries within the EEG are very different.

What is not fully understood in the *UK is that France took* a big risk in signing the Treaty of Rome and made a bargain with West Germany at the time which many Frenchmen feared might turn out to France's disadvantage. In return for an industrial free trade area France obtained an undertaking *that the member States would* work out a jointly financed common farm policy. Whereas the farm policy would clearly benefit the French, as the biggest agricultural producers in Western Europe, it was not at all certain that French industry would be able to resist German competition.

The fact that French industry has been able not only to survive, but that France has progressively hoisted itself to the third or fourth place in the league of Western exporters of manufactured products, is the result of a mammoth effort by both industry and the Government. It is an additional bonus which the EEC has brought to the country's economy but, as far as the French are concerned, it does not invalidate the original pact.

Nor should the British forget that France has emerged as a major industrial power only relatively recently. It is a country with a deep-rotted rural tradition. A large proportion of the urban population has been established in the big cities for only one or two generations and nearly every *family has relatives still living* on the land. Though declining rapidly as a percentage of the total workforce, the farmers still form a powerful political lobby which no Government can afford to ignore. Moreover, they manage to generate the same kind of popular sympathy for their grievances as do the miners in Britain.

Add to this the importance to the French economy of agricultural and agro-food exports and it is not difficult to see that France will defend the common farm policy with its life. *Any project to reform this* policy — and even the French are beginning to admit that this has become necessary because of its mounting costs — will hava to take into account these factors.

If the British will have to make an effort to understand France's vital interest in this field, a similar imaginative jump will have to be made by the French of the Community is to survive. In spite of their pride in their revolutionary tradition, the French are probably the most conservative people in Western Europe. They find it difficult to accept modifications of established institutions, systems and principles.

In the same way a they contantly bark back to the philosophy and policies of General de Gaulle, now sanctified as a doctrine though it was devised to deal with a very different world situation than that of today, the French tend o look upon the original rules and regulations of the EEC as hallowed.

While President Giscard d'Estaing, Prime Minister Raymond Barre and their advisers are well aware that the Community's ginancing system is no longer adequata to deal wit hthe spiralling cost of the common farm policy, and will have to be modified within the next two years, the majority of French politicians and the farmers still refuse to face the *facts.*

The crisis in Anglo-French relations which is likely to occur when the negotiations on this crucial issue finally take place risks being much greater than the one which has just been resolved. With the French insisting on the continuation of joint financing of the common farm policy, which currently mops up most of the Community's budget, and the British calling for increased spending in other areas, such as regional projects, it is difficult to see how the views of the two countries can be reconciled.

The task of finding a compromise will be made all the harder by the fact that the next General Election in the UK will not be very far off by the time the negotiations take place and that the anti-Market lobby in Britain will be able to capitalise *on the disagreements.*

The ground must therefore be carefully prepared. The first objective, as far as the British Government is concerned, is to dispel the almost universal view in France that the UK is not really interested in European unification. The "nation of shopkeepers" image which *Mrs. Thatcher has refurbished* with her tough haggling over pounds and pence does nothing to further Britain's cause in Europe.

The only way Britain can persuade its partners, and not *least the French, that it is* more than just an offshore island, casting a beady eye on the curious antics of the Continent, is for the British Government to raise its sights and start thinking in terms of a European grand design.

Significantly, the French have been impressed by Britain's contribution to European political co-operation. Foreign Secretary Lord Carrington, because of his handling of the Rhodesian problem and the initiatives he has taken to work out a common European approach to the Afghanistan affair, is held in high esteem in France.

There is certainly more room for Anglo-French co-operation in the foreign policy field, particularly the Middle East, on which the two countries' views are close, and which provides them with a good opportunity to work in harness. In Africa too there is scope for a much greater co-ordination of foreign policies between the two European countries which have the greatest traditional interest in and links with that continent.

If at the same time France can bring itself to take a more realistic and less rigid approach to the internal problems of the European Community—and there are some signs that this may be the case—the prospects for Anglo-French relations are not as gloomy as they may appear at first sight. But a real improvement will require more than just muddling along and dealing with problems as they arise. It calls for a positive and imaginative approach and statesmanship of the highest order.

R.M.

Intense debate on weapons strategy

EVER SINCE General de Gaulle took the momentous decision to give France an independent nnclear deterrent and, subsequently, to withdraw from NATO's integrated military organisation, defence policy has been at the heart of the political debate in France. The General's successors have neither wanted nor dared to question these fundamental decisions in practice, though. President Giscard d'Estaing's assumptions about the nature of the conflicts which France is likely to be involved in are very different from those made by General de Gaulle.

If defence policy has once again become a subject of intense political argument and, specifically, between the two Government coalition parties—the pro-Giscard Union for French Democracy (UDF) and the Gaullist RPR—it is because President Giscard faces a crucial choice this summer. The President and his military advisers have to make up their minds what new weapons have to be developed to modernise the French defence forces and to maintain the credibility of the nuclear deterrent on the threshold of the next century.

What is at stake is not whether France should reduce its spending on nuclear arms and concentrate on developing its conventional forces, nor whether it should be reintegrated in NATO. The options are whether more emphasis than hitherto *should be* placed on the *development* of new tactical nuclear weapons, such as neutron bombs, or whether the bulk of the effort should concentrate on strengthening the country's massive retaliation capacity, made up of land-based, airborne and submarine-based nuclear missiles.

The reason why the Government is faced with this dilemma is not only because of the technological progress made by potential enemies such as the Soviet Union in developing new nuclear "theatre" weapons or their increased capacity to *wipe* out France's land-based strategic missiles in a first strike It is mainly because President Giscard has developed a new military strategy which provides for French participation in a European conflict even before a direct attack on French territory.

Pointless

The Gaullists still stick to the view of the founder of their movement that it is pointless to plan for a more limited conflict than total nuclear war because of the *overwhelming superiority* of the Soviet Union's conventional and tactical nuclear forces. Only the capacity to strike back massively with strategic nuclear weapons at the main cities and industries of an aggressor provides a credible deterrent.

This strategy has the advantage of clarity. It makes clear that France is a "sanctuary"—in the terminology employed by defence theorists—which, if attacked, triggers off an immediate and massive nuclear response. It does not, however, take account of the fact that France, while no longer a member of the military side of NATO, is still a member of the Atlantic Alliance. Under the Atlantic Treaty, a member country is obliged to come to the aid of any of its partners who is attacked.

Since it is understood that a massive nuclear riposte will be made only if the "sanctuary" is violated, this leaves no room for effective French aid to its Treaty partners if they are the victims of aggression.

As long as four years ago President Giscard made it clear *that such a doctrine was too* inflexible and unrealistic. The main nuclear deterrent must be maintained, but it would be extremely dangerous for France to stand aside from a more conventional battle in a forward area of the Atlantic Alliance in Western Europe.

If Soviet troops were to cross West Germany's eastern border or to invade countriea in the Mediterranean basin, this would inevitably pose an eventual threat to French territorial integrity, and military planning therefore had to take into account the participation of French troops at the side of their allies. The close relationship which President Giscard has developed with West Germany has made it all the more important that France's neighbour should be able to count on French military support.

This doctrine has been taken a step *forward by the* pro-Giscard UDF party in a document published by its defence committee at the end of last month. While the proposals made by the committee are obviously a kite-flying exercise intended to test public reaction, and will not necessarily all be adopted by the Government, they are broadly in line with the President's thinking.

Significantly, the UDF document adopts a *firm pro-Atlantic* stand, though it does not advocate France's return to NATO's integrated military command. The defence of France cannot be seen in isolation, it points out. France's security would be threatened as soon as a battle broke out in Europe.

There must be no ambiguity about French military involvement from the very start of a European conflict, even though the final decision to use French forces and nuclear weapons must remain with the French Government.

Since French forces would be fighting at the side of NATO forces, the conditions of their participation must be worked out in close co-operation with France's Atlantic allies.

Another very important innovation in French defence thinking contained in the report is the open endorsement of NATO's strategy of "flexible response" in preference to the Gaullist doctrine of massive nuclear retaliation. The threshhold at which strategic nuclear weapons would be used should be raised by providing the *French Army and Air Force* with a large number of tactical nuclear weapons, including the neutron bomb. Only such a policy could provide an effective counterweight to tha great superiority in conventional weapons of the potential adversary.

Not surprisingly, the UDF's proposals are anathema to the Gaullists who, in another report pnblished a few days later, showed that they have remained true to the orthodox view of how the country'a defence should be organised.

Signal

By putting the emphasis on tactical nuclear weapons, the Gaullists argue, France is sending a clear aignal to a potential enemy that it is reluctant to use its strategic weapons, thns watering down the effectiveness of the ultimate deterrent.

Instead, the Gaullists give absolnte priority to the development of France's nuclear missile-launching submarine and nuclear bomber forces, entailing an increase in French defence expenditure from 3.3 per cent of Gross National Product at present to nearly 5 per cent at the end of the century.

They propose that the strategic nnclear submarine force, whose current operational strength is five, rising to six in 1985, should be greatly reinforced by the construction of an additional 15 missile-launching submarines by the year 2010.

The strategic air force, currently made up of some 40 ageing Mirage 4 aircraft carrying 60-kilotonne nuclear bombs, most of which are due to be phased out progressively beween 1985 and 1990, should be replaced by the beginning of the next century by about 100 new Mirage 4000 bombers armed with long-range air-to-ground nuclear missiles.

Though the Gaullists also propose that the French Pluton tactical missile should be replaced by a new generation of slightly longer-range missiles (250 to 300 km) and that reesarch on neutron bombs be continued, they are opposed to the production of the latter in great numbers.

The Gaullists' argument in support of this position is predictable and entirely in line with their fundamental doctrine. Tactical nuclear weapons should not be looked on in isolation from the strategic deterrent. Their use is intended mainly to serve as a warning to an aggressor that strategic weapons will be used if he persists in his action and not as merely an extension of conventional weapons in a European conflict, in which France would inevitably become part of an overall NATO operation.

Despite the new orientation he has given to defence policy, President Giscard has been partially successful in defusing Gaullist anger by sticking to the fundamental principles laid down by General de Gaulle.

Treasured

While clearly in favour of greater co-operation with NATO, he has manifested no intention of rejoining the Atlantic Alliance's military organisation. France's treasured independence in the field of defence has thus been preserved, at least on paper. The independent nuclear deterrent force has not only been maintained but brought up-to-date. The President bowed to Gaullist pressure in authorising the construction of a sixth nuclear submarine, to be equipped with new M-4 multiple warhead missiles with a range of 4,000 km, which will later be fitted to most of the other nnclear submarines.

Even the land-based nuclear missile force on the Albion plateau in Provence has been modernised, though its future strategic valne is no longer very evident given its vulnerability to a first strike. The new S-3 missiles are fitted with 1-megatonne thermonuclear warheads, with an explosive force 55 times that of the Hiroshima bomb.

A new generation of mobile land-based missiles, probably to be carried on trucks, is also being developed. Altogether France now has a total nuclaar strike capacity of some 75 megatonnes. When M. Yvon Bourges, the Defence Minister, presented his defence budget for 1980 last year, he said that the country's nuclear fire power had doubled since 1976 and would be quadrupled by 1982.

The expense has, of course, been enormous. Since 1960 some FFr220bn has been spent on nnclear armaments. In 1980 French defence spending will have increased by some 15 per cent to nearly FFr90bn, nearly half of which has been devoted to investments in nnclear and conventional military equipment.

The country has been able to shoulder such a heavy financial burden only because of its rapidly growing prosperity over the past two decades. But now that the economic situation has become much lass favourable, expenditure on defence will have to be subjected to careful scrutiny.

France cannot afford both the huge effort demanded by the Gaullists for the development of the strategic nuclear force and at the same time embark on a full-scale programme for developing tactical nnclear weapons. Tha choice that President Giscard faces this summer cannot therefore be fudged and is made all the more difficult given the imminence of the next presidential election. Before fighting the forward battle on Europe's eastern flank, the President has to be prepared for a battle royal on the domestic front.

R.M.

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Nuclear Power

Heavy investment in reactor programme

AT THE small Breton community of Plogoff, on the Western extremea of France overlooking the Atlantic, France's nnclear power programme has just suffered its severest public opinion setback in recent years. A puhlic inquiry into the sifing of a station in the area, one ef Brittany's finest beauty spots, could only take place with the support of 400 specially imported riot police. Tha local town hall was closed in sympathy with the anti-nuclear demonstration, and the inquiry, such as it was, held in special police-protected vans. For a month the clashes with the police, the arrests of demonstrators, the riots and the tear gas made headlines in France.

The Plogoff confrnntation was important because for the first lme in several years France's nuclear power programme was put in question by the electerate. Public willingness to go long with nuclear energy has been one of the outstanding characteristics of the French situation, marking the country off from many otber parts of Western Europe. Visiting politiciana and businessman often underline the smoothness and rapidity of France's noclear power expansion as one of the most significant signs of Frencb rationalism and its new-found industrial strength based on a degree of national consensus.

The degree to wbich the Plogoff movement may compromise this consensus is by no means clear yet. The public inquiry has fonnd in favour of the station on this site, and this report now bas to go to Government departments for comment. After that the dossier goes to the Conseil d'Etat, the supreme judicial anthority, for final ratification. Opponents then have the right of appeal, but the history of such appeals gives little bope to the plaintiffs if the Conseil decides in favour of the public inquiry decision.

Whichever way the Conseil decides, what is important for the nuclear power industry now is to know the degree of firm support in the country for the Plogoff movement. Although the environmentalist movement has become involved in the resistance in Brittany, tbere is considerable evidence that the main opposition to Plogoff is locally-based. Many Bretons see the power station as another example of a project imposed by the central authorities in Paris wbich will beuefit the rest of France wbile bringing them nothing but the danger of radiation.

Prejudice

Only a mora generalised opposition than this, drawing on pnblic support throughout the country, would prejudice the present programme. But during another alarm for the nuclear industry last year there was no evidence of such a movement developing. This scare occurred wben the presence of small surface cracks in the vital pressure vessel areas of the new generation pressurised water reactors (PWRs) now going into service was made public.

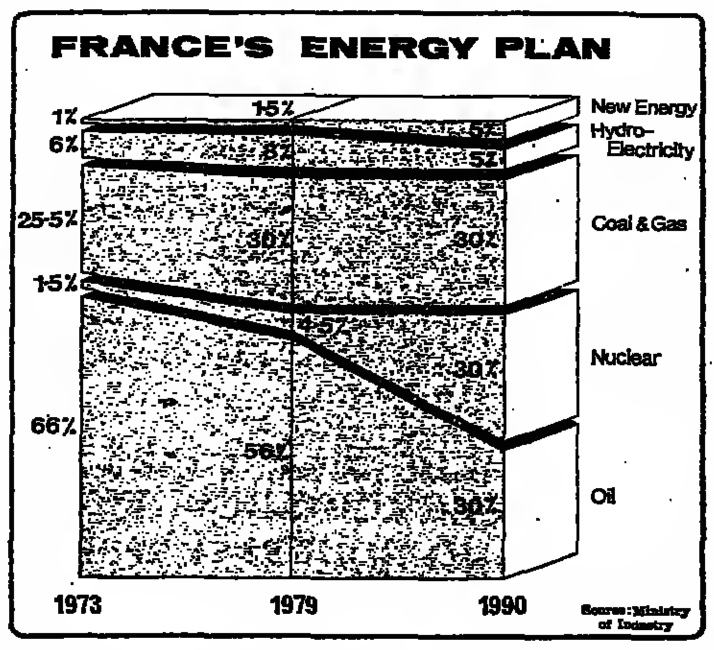
Following the publication of this evidence by trade unionists involved in nnclear engineering, the Government was forced to intervene, delaying the loading and start-up of several reactors, and instituting a full safety inquiry. The publisbed results of this inquiry show that the existence of the cracks was known before the trade unioonists blew open the situation. They also indicate that the full extent of the danger tbey present is as yet an unknown quantity. For the time being, the safety officers insist, such small surface fissures in the very thick metal plates of the reactor vessel pose no problem. But on one knows whetber or bow these fissures may develop over the years.

One of the conditions under which the *Ministry of Industry* bas now allowed the nuclear programme to get under way again is that the industry is developing robots which can operate from inside the radioactive area both to test the metal and repair it if necessary. Tbese robots should he ready by the end of this year. The industry is confident that they wlll work satisfactorily, althougb some independent engineers are more sceptical. Meanwhile, another eleven pressure vessels of the present type will be installed—before a new manufacturing process is introduced.

The most intriguing aspect of this saga, which occurred not long after the Three Mile Island nuclear station in the U.S. ran into trouhle, is that it never hlew up into a major scandal. The main force of the protests came not from grass-roots environmentalist opposition, but from the trade unionists who work in the industry. Their interest, they made clear, was their own safety. Tbey were not in any way opposed to nuclear power in itself.

This basic attitude continues to he shared by all the leading political parties as well. None tried to make capital out of the fissures revelations, and the only severe political condemnation came from the Parliamentary committee charged with keeping an eye on the industry. The committee complained strongly about the industry's failure to inform it abont the prohlems.

Behind the current reluctance to challenga the expansion of nuclear power lies France's deep consciousness of its vulnerability to a disruption of its energy supplies from abroad. The importance of tbe problem has heen rammed home on the public in every way possible. Sometimes this puhlicity may have heen exaggerated; oil prices are an easy excuse for politicians to explain away every rise in the consumer price index or the unemployment figures. But extensive advertising and publis debate has bronght home the significance of tbe energy problem to every Frenchman—and the Government has heen eqnally uncompromising in stressing that the only way out of this dilemma in the shorter term is nuclear power.



According to the authorities, a rapid switch to nuclear power bas three main economic advantages for France. It will help the balance of payments hy substituting a large percentage of bome-produced uranium for an energy source wbicb relies almost 100 per cent on imports; it will reduce the cost of electric energy because of the growing price differential between oil and nuclear energy; and it will shift the balance of energy supplies away from uosettled political areas like the Gulf to the more stahle regions of the West like France itself, Canada, Australia and the U.S. An added honus is the development of an industry with big *export potential.*

If the Government programme goes as planned—it is now just a few months behind schedule—the country's nuclear generating capacity will grow from 5,000 MW at present to 50,000 MW in 1990, thus suupplying about 50 per cent of the country's electricity and 30 per cent of total energy needs. Electricity produced by the 60 reactor units then in operation will account for about as much as France's energy consumption as oil, and at a mnch cheaper price. Even before the *last* round of oil price increases at the end of 1979, it was calculated that electricity from the pressurised water nnclear *power stations cost 8.68 centimes* a KWH compared with 12.68 centimes for coal and 15.33 centimes for oil.

Thia expansion will give France comparatively more nuclear power than any other country in the Western world. But it also involvas the country in an enormous investment *effort which is stretching its* resources to the full. The fissures prohlem, caused essentially by deviating from tbe Westinghouse technology on which France's *PWR system is based.* is one example of hte straina which result from the effort. The financing of the programme is another.

These financing problems have hecome extremely acute at Electricite de France (ELF) as the State-owned utility, France's monopoly electricity supplier, is caught in the vice between rising oil prices and its investment in nuclear power. In normal times the EdF has a target of breaking even. But recently it bas been running up beavy losses (FFr 680,000 ($162,000) in 1979 and FFr 2bn in 1978) and sinking deeper and deeper into debt in order to finance the power station construction programme and service its borrowings.

Because of these difficulties the Government last year allowed the conversion of all the State loans currently in the company into capital. This effectively wrote down FFr 11.7bn of debt. In addition, any additional State loans through the FDES davelopment fund, already at a "soft" interest rate will bava servicing payments carried over to the 1986 financial year and beyond.

The Government is continuing to put money into EdE as it has done for several years, at the rate of almost FFr 2bn a *year—FFr* 1bn in *loans* and FFr 900,000 in capital increases. Even so the company will fall far short of financing Its investmant programme from its own *resources over the next few* years. In 1980 it expects its financial needs to amount to FFr 37bn against FFr 28bn last year, of which FFr 23bn will bave to *be* borrowed, some of it abroad. This will bring the cumulative debt of the EdF to FFr 90bn, and its financing charges will probably he running at about 60 per cent of turnover.

Heavily

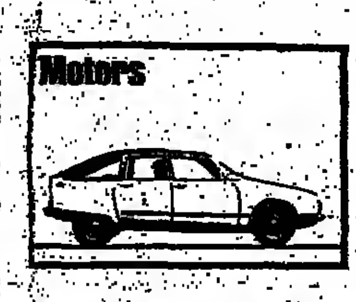
Other elements of the country's nuclear power programme are of course also soaking up large amounts of investment finance. In Eurodif, the nuclear fuel enrichment company, for example, France is increasing its sbareholding after the reduction in the Italian stake; Cogema, tbe uranium and fuel reprocessing group, is pumping money into fuel prospecting; and the Atomic Energy Commission is spending heavily on hasic research, including in particular its joint European fast-hreeder reactor project.

This advance across a broad front into the nuclear era could, as the past 12 months bave *shown, run into technical* or environmental problems at any moment. But France has shown for the time being that, while prohably working at the limit of *its resources, it has just enough* financing resources and engineering capahility to see the programme through.

T.D.

Growth relies on basic strengths

Motors



WITH THE whole of the Western *industrial* world being dagged inexorably into a U.S.-led recession, the French motor industry bas inevitahly suffeed some set-backs this year. There have been a nnmber of la-off measures and extended holiday closures. Vehicles stocks have been trimmed as far as possible and selected component orders cut back. Sales of some companies have gone into reverse. But the overall statistics at the end of the first four months of 1980 confounded all the pundits by showing an industry still producing and selling more than a year ago.

The reason for this mixture of depression and boom lies in the individual performance of the two big French motor groups, PSA Peugeot-Citroen and Renault. The first has gone unquestionably into reverse: the second, however, is still expanding and behaving as though It can continue to do so for several months yet. Whatever bas been lost to the PSA group in terms of output and registrations has been picked up hy Renault to maintain the dynamic of tha industry overall.

There must be donhts that Renault can continue with its present performance very much longer. The last few weeks have shown a distinct dip in consumer purchasing in general, mainly because the steady growth in purchasing power *experienced in France in recent* years has been severely checked. With price increases now growing as fast as wages, if not slightly faster, tha consumer-hased industries are resorting to heavy promotions to keep up sales. Indeed some of the success of Renault in April, when it pushed up its registrations in France hy 40.3 per cent, was the result of a vigorous programme of special offers.

Renault argues, bowever, that it has certain basic strengths which should help it pull through the present decline in the industry better than most of its rivals. The first of these is its model range, a particularly varied one by modern standards and also extremely comprehensive. There is littla donht that its outstanding success in France and Western Europa over tha last 18 months has heen dna to its ability to offer a wide variety of prodncts in the smaller vehicle classes. The Renault 5 in particular bas scored heavily at a time when motorists are showing a significant shift towards smaller and more economical vehicles.

Secondly, Renault has a very dense network of dealerships both athomeand abroad—some 3500 in France and another 11,000 ahroad. These have been costly for the company to build up in the past, when it had to take risks and accept losses to establish them. But they are now showing their worth as an investment, and since they are almost invariably owned hy the French parent company, it has more control over them than many of its competitors have over their dealership concessions.

By contrast, the PSA Peugeot-Citroen group—the organisation which hrings together Peugeot, Citroen and Talbot, all the non-State interests of the French industry—is now in a state of transition. The takeover of Chrysler Europe (now called Talbot) about two years ago came at a time when the former American company was running *into a lean period.* Throughout the whole of 1979 it bas been losing market sbare in France and running up beavy losses. This year it has lost still more ground, *with its sales cut back* in the first four months by about 34 per cent compared with the corresponding period of 1979.

The other two constitutent parts of the group, Peugeot and Citroen, bave also lost ground Part of the reason may be prudence; Peugeot keeps a tight financial grip and refuses, in general, to trim prices. But a more fundamental factor is that neither bas a product with the *selling* appeal of the Renault 5 at the bottom end of their range; nor does either bave the rangeof ontlets abroad available to their nationalised competitor.

Reversed

Because of the sales decline at PSA this year, Renault bas been able to catch up its private sector rival in the French market. This has reversed the position as it was before the takeover of Chrysler Enrope, when Renautl was unquestionable market leader in France. But with the ioclusion of its foreign sales and output, PSA remains unquestionahly the larger company, third in the world league (ontput of 2.3m units in 1979) and potentially a multinational with the strength to take on the hig U.S. groups

Te realisation of this potential, however, will depend upon the successful resolution of a number of problems which face the group. The most important is probably the policy of working ont three clear and separate marque identities for the group as a whole so that each of the *separate manufacturing* divisions can aim at a *specific* market. This was the aim of top management at the time of the takeover when the concept of a *diversified rather than centra*-lised company on the pattern of Ford was hatched.

Tied in with these marketing objectives is the other long-term aim of developing common components for the group. The idea of three separate marques only makes sense if manufacturing economies are heing made upstream by combining design, development and mannfacturing costs. This is the principle of General Motors in the U.S., which essentially puts different hodies on similar mechanical componants.

PSA is already well down the road on its common component design plans, and is said to have various schemes for its marque identity programme.

In the shorter-term, however, It is faced with two situations which must be causing it considerahle anxiety at the moment. The first is its involvement in commercial vehicle manufacturing through the former truck interests of Chrysler Europe in Spain and the UK. Other European groups are eyeing these activities, mainly because they give a good base in the Spanisb market while PSA will be forced to invest heavily to make a solid European husiness out of tham. The question competitors are asking is whether the French company can afford this expenditure, or whether it will sell out to concentrate on cars.

The second question concerns its tie-up with Chrysler, which has a 15 per cent stake in the French group. This sharebolding is dne to be set against a $100m loan which PSA is *pntting forward to help the U.S.* company through *its* present problems, hut the question is whether PSA should he going even further to estahlisb a foothold in the U.S. Some Frencb motor industry specialists argue that a deeper involvement wltb Chrysler would give PSA a heaven-sent chance to estahllsb itself on the American continent, an essential element in a multinational's activities. Otbers helieve that this path could be too costly.

PSA seems to be facing its present difficulties with complete serenity. It made reasonable profits in 1979 (FFr 1.1hn consolidated on *turnover* of FFr 73bn), although these were pulled down to some degree by Talbot's losses. But tha health of the overall Frencb industry clearly depends to a large degree on the performance of this group—and thus, to a considerable extent, does the dynamism of the wbole of French indnstry.

The importance of the motor sector to France's overall economy is difficult to overestimate. It is reckoned that *the French vehicle* and *component* companies employ directly or indirectly 10 per cent of the population. The motor companies account for 14 per cent of France's total exports, selling some 50 per cent of tbeir products ahroad, and earning a positive trade balance of FFr 28hn ($6.7bn) in 1979. The companies, pay some FFr 100hn in taxes of all kinds to the State, accounting for more than one fifth of the annual budget.

In addition, France has the advantage of making vehicles which seem particularly well adapted to today's needs. The indnstry'a front-wheel drive engineering tradition, its use of disc brakes and radial tyres put it several years ahead of what engineers are trying to do in the U.S. Even in Europe the *French* have a record *of* producing extremely economical cars. Tbe average fuel consumption of French models, at 8.51 litres per 100 km, is reckoned to be one point lower than the European average, and the industry has an official Government-set target of 7.3 litres to 100 km by 1985.

Given this engineering hase, the industry has shown extraordinary dynamism in recent years compared with the activity in the rest of Europe. While output has dropped in the past decade in the UK and Italy, it has gone up very rapidly in France from 2.75m units in 1970 to 3.6m last year. West Germany, which started from a higher base of 3.84m in 1970, has kept comfortably ahead, but at 4.3m units last year has not raised output so fast. France is today the world's fourth largest national vehicle producer, behind the U.S., Japan and West Germany. Given a successful resolution of PSA's future, many forecasters believe that it will overhaul Germany within tha next five years.

T.D.

CAR OUTPUT AND SALES
('000s)

	April			First four months		
	1979	1980	Per cent change	1979	1980	Per cent change
Output	258.8	286.6	+10.7	1,134.3	1,161.1	+2.4
Exports	128.9	152.1	+17.9	577.0	595.2	+3.2
Registrations	187.6	211.5*	+12.7*	704.7	716.9*	+1.7*

*Provisional

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Laurels for one of the world's leaders

AT THE Le Bourget Air Show in June last year M. Raymond Barre, the French Prime Minister, heaped laurels on the nation's aerospace industry. The reasons for his enthusiasm are not hard to find. Aircraft manufacturing it not only a sector where the French have managed to win an international reputation. It is also a high technology industry of the type on which the Government is aiming to base future economic growth; and it is a significant employer of labour.

Today France believes that it has the strongest aerospace industry in the world after the two superpowers, the U.S. and Russia. Although, according to the French, the UK employs more people in its aerospace sector—close to 200,000 against France's 103,000—the French aircraft manufacturers believe they have a stronger all-round industry than the British. It is the only industry in the West, apart from America's, said one senior executive recently, which is capable of designing and financing a competitive modern fighter aircraft.

Behind this national drum-beating lie a number of solid facts. The most concrete of these is the Marcel Dassault group, whose range of fighter and executive jets have won France export business all over the world. Dassault design and engineering have become legendary and the aircraft produced by the company have picked up most of the free world's military orders which have not gone to the U.S. in recent years.

Dassault accounts for more than half of the industry's exports. But French companies have also made a particular name for themselves in helicopter manufacturing and in missiles. The helicopters are produced by a division of SNIAS, the nationalised company which is also the biggest aerospace group in France, and most of the missiles by Matra, a group which started in this field and is using it as a base to push further into electronics.

To these purely French successes must be added the Airbus, the airliner which has been designed and developed with the collaboration of other European countries. Airbus has yet to prove itself a commercially viable programme, in the sense of making a clear profit for its partners. But the 400 or so orders taken so far indicate that it should come out on the right side of the profit and loss account, and there is no doubt that it has established itself as a viable alternative to the American range of civil aircraft, thus putting Europe firmly back on the map again in this sector.

If the French habit of talking about Airbus as though it were a purely domestic product is sometimes irritating to the other partners in the project, it remains true that France's support was the key element in getting the aircraft off the ground. France remains one of the two leading shareholders alongside West Germany, with its 37.9 per cent stake held by SNIAS; and it is now French enthusiasm, as much as anything, which is leading to the active discussion of new products for the Airbus stable. A number of projects are under consideration, including a 260-seater version of the A300, and a single-aisle short-range airliner for 162 passengers.

The progress of Airbus illustrates a central characteristic of the French industry in recent years. It has had steady backing from the Government, whatever the setbacks it has had to face. There have, in fact, been plenty of difficulties, from the Caravelle, a sound aircraft technically but one which simply did not answer the right market needs and never sold widely enough to make a profit, to the Concorde, a mistake of the same type but entailing a different order of losses.

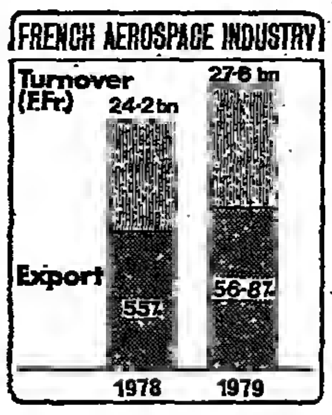
Inject

The Government has continued to inject finance into the industry. The final amounts are not clear because of special aids, but direct funding has amounted to more than FFr 60bn since 1970, and in the next 10 years another FFr 10bn will be split between the Airbus programme and the CFM-56 engine development project of SNECMA, the state-owned aero engine group.

The setbacks have also had the effect of developing a more prudent commercial approach to development. While Airbus, for example, was a risk, and is unlikely to generate any real profits for the Government before 1990, it was not a straightforward prestige project like the Concorde. As in the UK, its partner in Concorde, there was an element of sheer nationalistic bombast in developing the supersonic aircraft ahead of the superpowers. But the Airbus programme was based on intense market research designed to find a weak spot in the U.S. companies' marketing armour.

Thinking

Ariane is based on similar thinking. While it is clear that the U.S. already has a big lead in rocket capability, France believes that there is a world market for an alternative. Space technology, the French argue, is bound to develop, and in the areas where much of the hardware has already been proved—such as communications and television satellites—there is already a market.



The French aim, therefore, is to develop its aerospace industry right across the range of space technology, manufacturing rockets capableof putting up satellites, and also making the satellites themselves. Araine, with two test shots still to go, has already found a customer, and plenty of interest throughout the world.

France's military projects havealso had a strong commercial element. It is reckoned that some 70 per cent of the country's aerospace sales at present have a military content of one kind or another, and in the fields of missiles, and fighter aircraft particularly the country has managed to develop products with strong overseas sales appeal.

Dassault's aircraft have essentially been developed for the French Air Force, with all the assistance and guaranteed orders which working for military contracts normally implies. Hence the State has in effect subsidised and fostered an industry in which it has seen strong export potential. On the other hand, Dassault's healthy exports and profitable record have reduced the bill the taxpayer would have otherwise had to pay for an independent French product.

France has not of course been able to find or create a company like Dassault in every sector. Nor could it afford to fund a widely diversified industry of the type it wanted out of its own resources. Because of these restraints, French policy makers have allowed pragmatic commercial decisions to overrule nationalistic independence where necessary.

Concorde, a prestige project if ever there was one, was the outstanding example of this willingness to let practicality overrule pride. But since then, French aerospace manufacturers have linked up with a whole range of overseas interests, including U.S. producers where necessary.

The U.S. connections are particularly piquant in the light of the French suspicion of American industrial hegemony in the West. In some fields French policy makers have seemed determined to develop alternatives to American products in order to assert a degree of independence. But where necessary American technology has been welcomed. This is the case, for example, at SNECMA, which has done a deal with General Electric of the U.S. to develop a 10-tonne thrust engine; and it is also the case with Airbus, which has gone to Pratt and Whitney of the U.S. for engines for many of its aircraft.

With European manufacturers, these co-operative-type deals have been pushed further, often to the advantage of French industry. Airbus Industrie is the classic example. This is a company from which the French draw maximum prestige value because the final assembly of the aircraft is done in France, although many of the parts are supplied by other partners from throughout Europe.

Another similar example is the Ariane project, which groups 10 European nations, again with French leadership (64 per cent), followed by West Germany (20 per cent), and another eight countries with minor shareholdings.

Shake-out

These collaborative deals have in the end helped France to maintain a broadly based aerospace sector. In terms of work force it is not growing at present, partly because of a labour shake-out at SNIAS. But sales moved sharply up last year, from FFr 24bn in 1978 to FFr 27.6bn, and exports rose slightly from 55 per cent of turnover to almost 57 per cent.

Any accountant would have a difficult job in trying to draw up a clear picture of the financial benefit to the country of these companies, after taking into account all the subsidies flowing out from the Government. But two positive factors stand out clearly. The industry earns big exports, and it ensures continued technical development in fundamental sectors like electronics and metallurgy. According to M. Barre's statement at Le Bourget last year, those are sufficiently strong reasons for the Government to continue to nourish the industry.

T.D.

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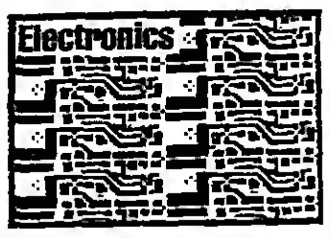


In the forefront of planning

THE FRENCH electronics industry has been looking rather like a matrimonial agency in recent months. New international alliances have been arranged in rapid succession as the country's big electrical groups have reassessed their chances of resisting Japanese or U.S. domination.

The French like to talk about the "grand lines" of policy, and electronics is one of them. The people who are now working on the national plan for 1981-85 have it as a main heading among the strategic sectors where France needs to secure a firm technological foothold — the others being energy, biology, space and ocean resources. In particular they have focused on integrated circuits, up to now a weak point in France's industrial armour, and on telematics, the fast-growing area where telecommunications, computers and audio-visual techniques overlap.

The international moves fall into two main categories: French-financed joint ventures for harnessing U.S. knowhow on semi-conductors, and European acquisitions aimed to give an EEC dimension to companies fighting for position in television and in high-technology office equipment.

At the same time two newcomers have emerged in the big-time French electronics business—the diversified Saint-Gobain-Pont-à-Mousson industrial group and the missile and car-body manufacturer Matra. Together with the two big telecommunications groups—Thomson-CSF (attached to the Thomson-Brandt electrical and armaments concern) and CIT-Alcatel (attached to Compagnie Générale d'Electricite, the country's largest electrical combine, with a big power engineering side)—they form the main vehicles for French ambitions in the sector.

French production of MOS (metal oxides semiconductor) circuits — up to now a virtual American monopoly — is due to start in three factories almost simultaneously, at the end of this year or early 1981. Matra is setting up an operation near Nantes using technology from the U.S. Harris group. Saint-Gobain has a joint venture with National Semiconductor, located near Marseille, in which the U.S. company will supply the knowhow and most of the equipment. In Grenoble Thomson-CSF is working jointly with the Government's Atomic Energy Commission under a licensing agreement with Motorola.

In all three cases the Government is putting up a large part of the funds, under a five-year components plan lasting to the end of 1982 and costing FFr 600m. Thomson-CSF and Philips' French subsidiary Radiotechnique are also receiving backing for linear and bipolar circuits.

Reinforce

The plan is designed to reinforce an electronics component industry which managed to export more than half its total sales of FFr 9.2bn last year but which is weakened by Japanese competition in radio and television components and by a growing and costly deficit in integrated circuits.

The plan is coming into operation just as the computer industry is being weaned away from Government support. A four-year programme for Cii Honeywell Bull, which was put together when the State-run Cii's plans to join forces with Philips and Siemens collapsed, has now been completed.

The Government-sponsored merger between the former Machines Bull, which had fallen under U.S. control, and its own loss-making Cii finaly produced a genuine profit last year — FFr 100m after subtraction of State subsidies. This year the subsidies and the public sector contract guarantees run out.

But if France can now truly claim to have a computer business that is both independent and profitable, the company is not over all its problems. Its sales in the first quarter of this year were 4.5 per cent down because of delivery delays resulting from a shortage of components, and it will be months before business catches up. Its aim to equal IBM on the domestic market still seems a long way off. The company's heavy reliance on Honeywell of the U.S., a 47 per cent shareholder, is keenly felt. Some experts consider that France spoilt its chances from the start by putting Cii HB in charge of large computers and leaving the rest of the sector split up between too many companies.

CGE, one of the founders of the venture, pulled out last autumn when the Government came up with new proposals for the company. It sold its indirect stake of about 10 per cent to Saint-Gobain for FFr 250m. This was the signal both that CGE wanted to concentrate on its own ambitions in computer-related equipment and that Saint-Gobain was serious about going into the same sector.

Both have since made spectacular moves to consolidate their office systems business—for which the French have a word, bureautique, a four-year-old neologism based on informatique, the word they coined so as not to say "data processing."

The first move wase the £30m purchase by CGE's subsidiary CIT-Alcatel of the British Roneo Vickers group's office equipment interests. CIT-Alcatel, which had already taken over the U.S. mailing equipment concern Friden, hoisted itself to No. 2 position in the world in this sector behind Pitman Bowes. It also gave itself access to a large international marketing network.

Saint-Gobain's response was to delve further into its cash funds, which had been boosted by selling steel distribution and housing interests, and paying around $200m for a 20 per cent stake in Italy's Olivetti. How this new grouping—described variously as an "industrial confederation" or a "nebulous plurinational"—between Saint-Gobain and the two companies in which it has bought minority interests will work is not fully clear.

The third important move in the same field was Thomson-CSF's agreement with Xerox of the U.S. to share information and develop products together, including optic discs.

Thomson-CSF has also been nudged by the Government into taking, along with CIT-Alcatel, control of the country's leading TV rental company, Locatel, and thus closing the door on the UK's Thorn Electrical, which had agreed on a takeover. The Government's nine-month-long refusal to allow Thorn's bid reflected its determination to defend the French television industry and in particular its viewdata potential.

Gambling

The Thomson group, which holds down a third of the French TV market just behind Philips, is gambling on holding its own against Japanese imports—and gambling in a big way. Taking the opposite direction from British groups which have gone into link-ups with the Japanese, Thomson has embarked on a series of purchases, the latest being the West German Saba group from GTE of the U.S. Two and a half years earlier it bought another West German group, Nordmende, which has been costing it money ever since. Last year it tried and failed to get ITT's Oceanic subsidiary but succeeded in taking AEG-Telefunken's colour tube interests under its wing, keeping off Japan's Hitachi from the spoils.

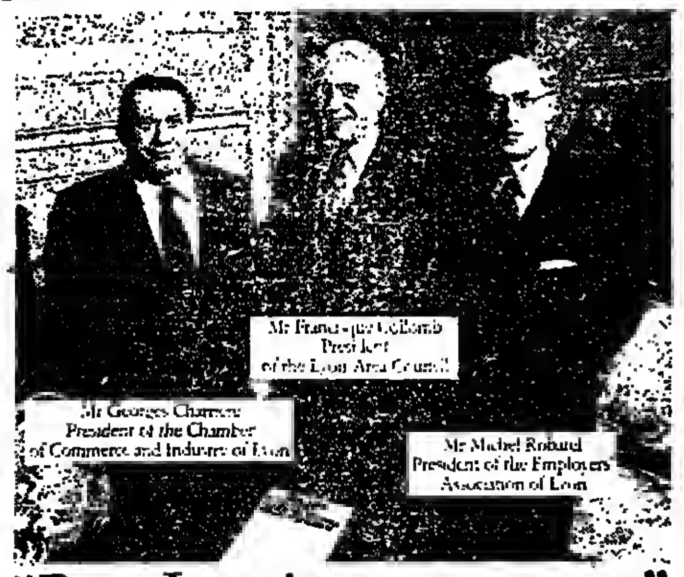
The Vidéocolor colour tube group, controlled indirectly by Thomson alongside AEG-Telefunken and RCA of the U.S., has been prominent among the companies pressing the EEC to place barriers against Japanese imports, which would otherwise be free to rise to the areas covered by the West German PAL system, when licences for the latter begin to fall into the public domain later this year. Since the market arising from France's Secam system is much smaller, Thomson is forced to compete in these areas if it is to reach efficient production levels.

In the telephone business too, French companies are thrown onto the export market to fight for their share. In France problems loom in the 1980s, with the Government's ambitious five-year expansion programme coming to an end this year. The remarkable growth and improvement of France's telephone system gave the Government the opportunity to reorganise the industry by bringing the local subsidiaries of ITT and Sweden's L. M. Ericsson into the Thomson group, counterbalancing to some degree CIT-Alcatel, which had a lead in time-division switching systems. The two are now in direct competition abroad.

The French Post Office is still spending heavily; investments of some FFr 7bn are planned this year and next on items ranging from satellites to facsimile machines, from optic fibres to computerised telephone directories. But the two telecommunications companies now have to rely to a large extent on foreign orders, for which there is fierce competition. CIT-Alcatel recently scored an important European breakthrough with an Irish contract worth FFr 100m in the first stage. It now claims to have the world's most widely sold digital switching system, with 1.2m lines in operation and another 2m on order.

But there is an element of gambling in many of the sectors where France is going all out to secure a position. The chosen group of companies that have been encouraged to build up their electronics interests—such as Matra, which has bought left and right into telephones, motor components and watches and is going into telecopiers—know that they can count on Government support for their efforts in these high-technology sectors. But the strategic choice is one thing; holding up against the competition is another.

D.V.



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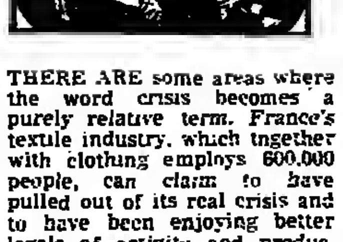

Poor start to year

THERE ARE some areas where the word crisis becomes a purely relative term. France's textile industry, which together with clothing employs 600,000 people, can claim to have pulled out of its real crisis and to have been enjoying better levels of activity and productivity in the last 18 months. But the outlook is still indifferent.

The domestic market is not improving after a 1 per cent drop in consumption last year. French manufacturers' export growth rates are not expected to keep up with last year's creditable 14 per cent, and imports are likely to continue rising at 20 per cent a year.

Part of the reason why activity and margins were maintained last year was that in 1978 stocks had been run down. This year, in contrast, has produced a poor start. The clothing business, for all the reputation of France's courturiers, is depressed. The spring salon for ready-to-wear women's clothes found little consolation in sharply increased numbers of clients from the Lebanon and Kuwait; the main clients made way for them.

Last year, despite the improved financial climate, France's deficit in textiles (not including clothes, which bring a surplus) tripled to FFr 3.1bn ($738m), with Italy and the U.S. making up almost this total between them. At the same time France lost ground on some of its principal markets, including West Germany, the U.S. and Japan. Ever since 1973 imports have risen twice as fast as exports. Last year they took up 46 per cent of the French market, compared with 38 per cent for the whole of the EEC, and in the first quarter of this year the figure passed the 50 per cent mark.

This figure may be distorted by seasonal factors; imports are usually strong in the first and third quarters. But the breakdown by countries shows how serious U.S. competition has become, overshadowing—as in other EEC countries—the traditional fears about cheap textile imports from the developing countries. U.S. textile exports to France rose by 35 per cent against the corresponding period last year, a higher growth rate than in any other industrialised country, bringing the U.S. into fifth position among France's importers after Italy, West Germany, Belgium and the UK. Even with the anti-dumping duties imposed last month by the EEC on its acrylic fibres, it has already joined the countries selling FFr 1bn of textiles a year to France.

Although France has so far proved less vulnerable than the UK to this trend, the pressure from the U.S. hase become a crucial factor for the years to come. French manufacturers are pushing for an agreement between the EEC and the U.S. to limit imports of polyester filament yarn, with the same enthusiasm as they are backing a renewal of the Multi-Fibre Arrangement with developing countries next year when the last 1977 agreement runs out.

The French, however, are opposed in principle to unilateral measures such as the quantitative restrictions introduced by Britain in February to stem the inflow from the U.S. —the fear being that such measures will merely deflect the products on to other markets. (The Government did take steps to "supervise" the import trade in Italian sweaters last year but had to back down after a few weeks at the behest of the EEC Commission.)

Import pressure has also been increasing sharply from a number of other countries, notably Portugal, India, China, Pakistan and Brazil.

Even so, restructuring has succeeded in strengthening the position of French manufacturers over the past 18 months. The industry suffered most between 1975 and 1977, having failed to adapt to the sharp fall in activity that followed the 1973 oil crisis. Redundancies, closures and losses are now less in evidence. The industry stepped up its investment sharply last year and has further spending plans for this year. It has shed some of its conservatism, and many companies are now well-placed in exports, which take up 37 per cent of total production. Large groups like Dollfus-Mieg and Lainiere de Rouhaix managed to pull themselves out of the red last year.

Although the process of reorganisation is far from finished, industry exports now see the requirements more in terms of individual corporate strategy than in sectorial adjustment.

It is a diverse industry, where there are strong elements with weak companies in them and weak elements with strong companies in them.

For many small companies, the outlook is surprisingly encouraging. But there are two major matters of concern on which the hopes and fears of

CONTINUED ON NEXT PAGE

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Powerful political lobby

THE RUTHLESSNESS with which the French Government defends its farmers—the latest example is the sheepmeat dispute with Britain—reflects not only the importance of agriculture economically but also its political influence, which proportionately far exceeds the 10 per cent of the population directly engaged in it.

At the root is the vested interest in farming of a sizeable proportion of the rest of the population. This began with the Napoleonic Code, which laid down that a man's property should be divided equally among his children on his death.

Initially the law led to an almost absurd fragmentation of land holdings as each child claimed his share, but latterly a much more pragmatic attitude has prevailed—particularly with the spread of opportunities in industry. About half the land in France is now rented—not from big landlords as in Britain but from family members or other holders of quite small parcels. Very few French farms of reasonable size are in single ownership. The rents are fixed by a legal formula and tenancies are almost infinitely secure.

The sum of this is that probably 20 per cent or even more of the total population has good reason for the continuing prosperity of French farming. This accounts of course for the Nelsonian eye which the authorities turn to the large-scale and often violent demonstrations with which the angry farmers manifest their displeasure at events they regard as harmful to their interests.

It also accounts for the interest successive French Governments have had in sheltering farmers from the effects of unrestrained competition even from within their own ranks. It is almost impossible for a farmer to expand beyond a certain point, or for a non-farmer or foreigner to buy land unless it is almost useless agriculturally. Special measures exist to enable young farmers to get started with loans at subsidised interest rates.

But the Government's economic interest has been sharpened since the latest oil crisis. Over the past couple of years the agricultural industry has been enjoined to produce the "Green Oil" of agricultural earnings to compensate for the rising cost of imported oil, on which France relies heavily.

There is already a substantial surplus in volume terms in trade with the rest of the European Community, to which 65 per cent of French agricultural exports are directed. The policy now is to add value to these by further processing, so that overall earnings can be increased. There is also strong French pressure in the EEC Council of Ministers to increase levies on imports from third countries which compete with products such as butter and cereals. Two of these are edible oils and manioc.

Addiction

French farming interests have long been particularly critical of Britain's addiction to imports of food from the old Commonwealth and elsewhere. The Common Market, they claim, should mean what it says, and be reserved for its own home production. If that should mean the exclusion of New Zealand butter and lamb, U.S. maize and Commonwealth sugar, it is all part of Britain's obligations under the Treaty of Rome.

Such arrangements as the New Zealand butter quota are not regarded as a permanancy by a large section of the population, and the influence of these imports on the surpluses building up under the Common Agricultural Policy (CAP) are blamed again and again, with much exaggeration, for most of the troubles in this sector.

It is still believed in Britain that France has a peasant agriculture, fragmented and inefficient, with small farms which ought to present no problem to the competitive British with their large farms and modern methods.

This is an illusion. French farms are still small, with an average size of 23 hectares (58 acres), but like all averages this conceals a very wide variation in size. What they do have in common is that in general they are run by the family.

This gives the man immense advantage over farmers in Britain—besides the obvious one of having more political clout. They do not have to meet the increasingly high cost of hired labour.

It has been claimed that the French and other European small farmers would not put up for ever with the ties of farming. Between 1955 and 1975 there was some validity in this claim: the numbers engaged fell by half and the size of holdings doubled. Since then the process has slowed to a trickle, and the Government appears keen to establish it around its present level.

But structural efficiency is only one of the criteria by which farming can be judged. Technically there have been some significant gains. Between 1970 and 1978 yields of wheat and barley rose by 50 per cent. Other arable crops have shown

FARM OUTPUTS
(Volume index: 1960=100)

	1970	1978
Cereals	189	292
Fruit and veg.	132	139
Sugar beet, etc	118	150
Wine	112	122
Beef	129	144
Veal	108	112
Pork	108	136
Sheepmeat	100	121
Poultry	148	225
Milk	130	153
Eggs	128	146

considerable improvement. Total output of cereals rose from 30m to 43m tonnes over the period.

This increase in arable production has been accompanied by a polarisation of French farming. The arable areas stretching from the Belgian border to the Loire and from eastern Normany to the Vosges are becoming denuded of livestock. It is possible to drive for miles through a hedgeless countryside with fields cropped to the road verges, and never see an animal of any kind. It is some of the best farmed country to be seen in the world, dominated by the huge silos of the grain co-operatives.

Dairy farming is now being concentrated in the maritime regions of the Normandy/Brittany peninsula and the Loire. It is in this sector that process has been nothing like as spectacular as with arable farming. Yield per cow is still among the lowest in the EEC, yet because the French herd is the largest, milk delivered to the dairies represents 25 per cent of all European supplies.

These lower yields should not be taken as an indication of inefficiency. French dairy farmers use about a quarter of the compound feed per tonne of milk produced than do, for instance, Britain and Holland. The bulk of the feed is grown on the farm. Investigations by the British Milk Marketing Board have shown that French milk production, in common with that of Ireland, is produced at a lower economic cost than in some of the more advanced dairying countries.

Paradoxically for a country which is a granary of the EEC, production appears weakest in the pigmeat sector. There are large imports, particularly from Belgium and Holland—mainly of course fed on French grain in the first place. Pig production is concentrated in Brittany, which entails importing grain from the arable districts further east.

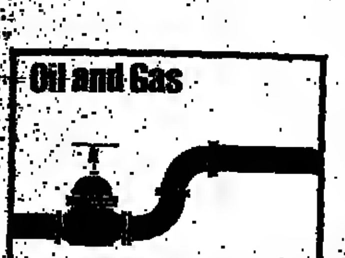
Extinction

The sheepmeat quarrel with Britain is basically about the survival of a sector of French farming which is probably the only one not really economically viable. Flocks are small, and the land on which they are reared poor. Undoubtedly it would mean virtual extinction of this part of French farming should the market be opened to a flood of British imports. The farmers involved are numerous, they feel themselves badly threatened and have reacted with a militancy which has gained widespread support from other livestock farmers, particularly dairy interests.

Their militancy is fuelled by the realisation that while costs overall have risen substantially over the past three years, prices of all livestock products have made no comparable advance. In this they are joined by the wine and horticultural sectors, fearful of further Mediterranean competition should Spain join Greece in Community membership. Their pressure on a French government could well force it to demand changes in the original concepts of the CAP, probably on the lines of national responsibility for agricultural support well beyond that allowed under the Rome Treaty.

John Cherrington
Agriculture Correspondent

Search for savings



FOR THE last 18 months energy officials from throughout the Western world have been gathering periodically at the International Energy Agency in Paris to wrangle over a system of firm targets for annual oil imports over the next five years. They could well take a lesson from the country on whose soil they meet. France has already set itself the objective of reducing oil consumption by about 20 per cent by 1990—and is hoping, by means of an even more vigorous pursuit of savings and energy diversification, to reduce it by as much as 37 per cent.

Nuclear power has, of course, the key role to play in this shift of energy sources. It is written firmly into both the optimistic and less optimistic plans as producing 73m tonnes of oil equivalent at the end of the decade, or 30 per cent of total energy needs against 8.5 per cent last year. If this target is achieved oil consumption will be reduced to about the same comparative level, somewhere between 28 and 33 per cent of the country's consumption. But this outcome in turn will depend on meeting the plan's ideal of stable coal burning and a sharp rise in the use of gas.

Potential

France's experts have also written in a steadily expanding role for the new energy sources. They believe, in particular, that the country's extensive forests and land resources open up considerable potential for the so-called biomass combustion technologies. But, as with solar energy, they argue that there cannot be a big short-term contribution from these sources. The main effort during the next ten years will therefore have to be directed into nuclear capacity, stepping up gas supplies and converting a great deal of generating capacity away from oil.

The two oil targets for 1980—the optimistic aim of 68m tonnes consumption and the probably more realistic 80m tonnes—compare with last year's 108.5m tonnes. The two variations have been put into the plan because no-one is certain how quickly the switch to some of the different energy sources can be achieved. To attain the 1990 targets the changes will have to be carefully orchestrated, with industry—particularly the metal-working sectors—converting from oil to coal, power stations switching from both oil and coal to nuclear and hydro-electric power, and gas supplies being stepped up for industrial use.

As in most key areas of industrial development in France, the main framework for these changes has been set by the Government. It has established a new system of grants to help industry convert to different forms of power generation, is assisting all kinds of energy-saving programmes and is sinking vast sums into the nuclear power programme. At the same time it is encouraging the oil companies in their search for new supplies.

The two big oil companies, Compagnie Francaise des Petroles (Total) and Elf Aquitaine, are naturally responsive to the Government's wishes because of the large percentage of their shares held by the State—37 per cent of Total, 70 per cent of Elf. Since the 1920s France has run a highly regimented oil industry based on the strategic principle that the two companies should command sufficient resources to supply the country's needs. They have been strictly controlled on both their crude imports and prices, and the market has been controlled in order to give them a guaranteed 50 per cent share.

This habit of co-operation between the Government and the companies means that there is no basic divergence on the aims of the two sides at the moment. In addition, a more understanding Government attitude to the returns on distribution in France has helped the two groups to restore comfortable profit margins during the past 18 months. They are not as yet in such a strong financial position as most foreign oil companies, but they have been able to build up substantial reserves.

A significant proportion of these cash resources is now being directed into prospecting. In France, for example, where the French companies enjoy significant fiscal advantages for exploration expenditure, Elf has recently announced a FFr 1.6bn five-year drilling programme in the South West. This is an area where some oil and gas traces have already been discovered, and where the company has high hopes of commercial finds. Further afield, both companies are involved in a FFr 16m project in the deeper waters of the French sector of the Mediterranean.

Outside France, the most significant development recently has been in China, where Total and Elf landed the first offshore exploration and extraction deal to be signed with a Western company. But trial drilling by the French companies is also underway in many other parts of the world, including Africa, Indonesia, Australia and North America.

Despite all this exploration effort, the two French companies by no means control sufficient resources to supply all of France's needs. Nationalisation of oil deposits in producer countries has robbed them of many assured supplies, and they are being forced more and more into purchases to serve their distribution networks.

Agreements

A compensatory factor for this shortfall has been a determined effort by the authorities to reach government-to-government supply agreements with big producer countries. So far this has produced limited practical results, although several recent trade accords mention improved oil supplies, and a deal has been signed with Kuwait which will give the French majors direct access to the country's oil without the intervention of the locally based BP and Shell companies.

Thus for the time being France remains critically dependent on Middle East supplies. This region, visited by President Giscard d'Estaing earlier this year, and the objective of continuous French diplomatic effort, furnished 94.5m tonnes of crude last year, out of 125.9m tonnes of total imports. Saudi Arabia alone supplied 44m tonnes, and Iraq another 24m.

By contrast, the majority of France's gas imports come from the more politically stable areas of northern Europe. This relative supply security is a strong factor behind the current drive to step up gas burning, which on the most pessimistic forecast is planned to rise from 23m tonnes of oil equivalent last year to 37m in 1990. If the right sources can be found at the right prices, France could be using 42m tonnes of oil equivalent by the end of the decade.

The big question mark hanging over gas is whether France will be able to get hold of the extra supplies at the rate demanded by the Government target. The country has some resources of its own in the Lacq field in southern France, but these are now being gradually exhausted, supplying some 7.2m tonnes of oil equivalent last year against 9.5m tonnes from Holland. France will therefore become more and more dependent on imports as time goes on, unless there is another (unlikely) discovery of the Lacq dimensions.

The nationalised gas utility, Gaz de France, which has the monopoly on imports, now takes supplies not only from Holland, but also from Algeria, the USSR and Norway. But the fragility of this supply base was recently thrown into relief when Algeria stopped shipments of gas entirely pending negotiations of new and higher prices aligned on oil.

The argument about these demands is still continuing, with Algeria also threatening to switch from its current system of liquifying gas and shipping it to France to a pipeline system. Algeria is currently France's second largest gas supplier, furnishing 2.95m tonnes of oil equivalent, or 12.5 per cent of the total consumption of 23.2m tonnes. Given these problems, it is totally predictable that the French oil companies should be pushing ahead with exploration and exploitation deals for gas as well as oil, a policy which, until now, has kept resources in French hands roughly in line with consumption.

T.D.

Textiles CONTINUED FROM PREVIOUS PAGE

the industry largely rest.

One is the Agache-Willot conglomerate run by the Willot brothers, the four burly and unorthodox businessmen from northern France who two years ago moved in to take over the bankrupt textile empire built up by the horse-loving "Cotton King" M. Marcel Boussac. The move made them the biggest force in the natural textile sector, although less than half their FFr 8bn annual turnover is in textiles.

The group's management techniques have been brought into question and its accounting methods investigated on several occasions by the stock market watchdog body, the Commission des Operations de Bourse, which concluded that the 1978-1979 profit declared for Boussac-Saint Freres, the new Willot manufacturing branch, should have been shown as a loss. The fact that the Agache-Willot group, until the Boussac acquisition, achieved its growth by diversifying out of textiles into distribution has led to a good deal of uncertainty about the future of its textile interests.

The other source of concern is the troubled textile branch of Rhone-Poulenc, France's largest chemical company, which accounts for the bulk of France's production of man-made fibres. The group has been carrying out a programme of drastic cutbacks announced at the end of 1977, including five plant closures and the loss of 6,000 jobs. It is now coming to the end of this costly restructuring phase, aimed at making the group one of the most modern and competitive in Europe from 1981 onwards, and concentrating on polyester and nylon. It had hoped for a reduction in its textile losses as a result, but that goal is not yet in sight.

The man-made fibre industry has been suffering from a 20 per cent annual growth in imports, which last year took 58 per cent of the market, and a drop in exports as manufacturers have held back deliveries rather than sell at unprofitable prices. Deliveries in France have been dropping again this year.

Between 1975 and 1979 Rhone-Poulenc's textile branch accumulated FFr 3.4bn in losses, and to the total cost must be added FFr 1bn that will have been spent on converting its plants. The loss was still running at FFr 560m last year and this year may be no better.

"This situation," as a specialist in the sector put it, "is not only the No. 1 problem for Rhone-Poulenc. It is also the No. 1 problem in the textile industry."

D.W.

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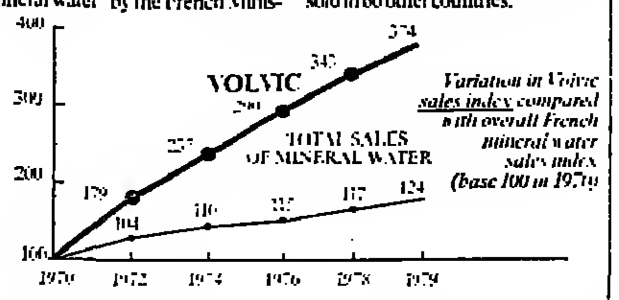

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FRANCE VIII

Slimming down for health

THE PIRATE radio station called "Lorraine—Heart of Steel" can still be heard making intermittent pleas against the iniquities of the Government's scheme for trimming down the steel industry, a year and a half after the event.

But the reorganisation is now well past the point of no return. The protests, once violent, have quietened down. And the plan, involving the loss of nearly 22,000 jobs and bringing the main companies under effective State control, appears to be achieving its aim of restoring to France a well-adapted and profitable heavy steel sector.

The reorganisation announced in the autumn of 1978 wiped out the industry's debt problem by paying the creditors off with shareholdings — the creditors belog the State and nationalised and private banks —in the three biggest heavy steel companies, which were to be boiled down to two groups.

The private sector steel holding company Denain-Nord-Est-Longwy and the once-formidable empire of the de Wendel family were reduced to minority partners. The companies, given little choice, accepted the plan by March last year. The unions took until July to acquiesce. The Communist-led union CGT, the strongest in the industry and the hard core of the protest movement, refused to sign but this did not affect the outcome. In fact more of the unions signed than had agreed to the previous cutback programme, involving 16,200 jobs, two years earlier. The arduous discussions left hardly a dent in the companies' plans, except that the unions managed to rearrange slightly the timetable for capacity reductions at the largest group, Usinor.

The sugar on the pill was an unprecedented cash payment of FFr 50,000 ($11,900) offered to anyone who volunteered to leave the industry for good. For people earning between FFr 2,500 and FFr 3,500 a month at the time, it was an unheard-of fortune, and came on top of redundancy payments starting at three-quarters of salary. Immigrant workers could claim a further FFr 10,000 to fly home. The Labour Ministry calculated that the payments would mop up 3,000 to 4,000 jobs. In the event about 6,000 workers have taken up the option.

The bill to the Government has therefore been about FFr 300m for this measure alone. But even this is a relatively small amount in a programme which, including industrial reconversion, social measures and FFr 2bn a year putting the steel companies in order, will probably cost at least FFr 20bn.

Usinor, which since its merger with Chatillon-Neuves Maisons last April produces some 46 per cent of France's steel (including its half-share of output from the modern Fos steelworks on the Mediterranean west of Marseille), is still suffering big losses.

After losing a total of more than FFr 3.4bn in 1978 and 1979 the group, which last December took over a plant from the Belgian Cockerill group, is still carrying the cost of restructuring measures. But its Government-appointed chairman M. Claude Etchegaray is confident that Usinor will be breaking even in 1981.

The other main group, Sacilor, has said it hopes to reach a balance this year.

The reorganisation plan means rationalising the geographical layout of the industry, which still has its main base in the east but is also concentrating on its coastal installations of Fos and Usinor's big oxygen steelworks at Dunkirk, and either closing or modernising its older facilities. The proportion of output made up by oxygen steel is already touching the 80 per cent mark.

Similar rationalisation of the special steel sector is already considered to be overdue. The sector suffers from three main problems — a lack of concentration, with eight main companies sharing a production of 3.5m tonnes, a traditional divide between special steel and the rest of the industry, and a technical lag on the countries in the industry, which means that some products are 10 per cent more expensive than they should be. The problem is particularly more acute in stainless steel.

The two leading specialists, Creusot-Loire, which makes 1.4m tonnes of steel a year, and Ugine Aciers, the main stainless producer, had contacts but without result.

Proposals for reform were given a fresh push in April when Sacilor's outspoken chairman M. Jacques Mayous went to see Prime Minister Raymond Barre about a plan which would involve Sacilor absorbing Ugine Aciers, currently part of the Pechiney Ugine Kuhlmann group.

Sacilor made a first move last July by absorbing Aciéries de Pompey — a company with a certain name in the French iron and steel business since it provided the girders for the Eiffel Tower in the 1880s and the sulphur-resistant pipes that enabled France to exploit its only major natural gas deposit in the 1950s.

Proposals are rather less advanced for the other side of the reform plan, which would bring Creusot-Loire's steelmaking interests into Usinor's orbit.

Although losses at Creusot-Loire's steel plants and at Ugine Aciers have been reduced, the companies still weigh heavily on their parent groups.

The reshuffle being mooted would have the aim of building two or perhaps three special steel groups of international proportions, each producing more than 1m tonnes a year. Links with the heavy steel companies would give the latter a better product range and bring them more into line with concerns like Thyssen of Nippon Steel. However, there are some problems in the way of a solution — not least the question of who would pay.

D.W.

Towards more competition

THE FRENCH Government's current attitude towards the country's financial institutions is inspired by a general desire to create a more internationally competitive economic system. According to this thinking, the role of the Bourse, where companies compete for funds and are judged on performance, should be enlarged; and the banking system, centralised and dominated by the State, should be decentralised and made to align itself more closely on international standards.

The Government's success in altering well-established systems has not been so clear-cut as its theories. But in the Bourse at least there has been strong evidence over the last 18 months that the free market evangelicalism of M. Rene Monory, the Economics Minister, has been marking up some points. Two measures in particular have contributed to a revival of activity.

The first of these is the dropping of price controls over a wide area of French industry and commerce. This move, the most important of M. Monory's term of office, has had the effect of restoring industrial and commercial profits, strengthening company balance sheets and encouraging larger dividend payments. Evidence is now emerging that the upswing in profits has to some extent been at the expense of earnings. But there is no doubt that the trend has increased savers' confidence in industry and commerce as a remunerative investment vehicle.

M. Monory has also contributed to the market revival by launching a new type of investment organisation designed to attract smaller savers. The so-called Monory SICAVs are specially orientated towards the middle-class savers who, in France, would be traditionally inclined to put their spare funds into land, or even gold, rather than the stock market. These savers, brought together in unit trust type funds run by the big financial institutions, get large tax allowances on their investments depending on the size of their families. In the last two years these investment trusts have brought about FFr 8bn on to the market—roughly the same amount as has been raised in new share issues.

The new funds coming on to the Bourse are a necessary lubricant to the moves to increase its efficiency. But in the longer term, extra finance will not be enough. Hence the Government has also set in motion a wide-ranging review of the operations of the Bourse with a view to its modernisation, along with a new plan to develop the Paris commodities markets.

The changes in the banks during the Monory era have not been so far-reaching as those on the stock exchange. But the general lines of the Economics Minister's policy towards them point in the same direction. He is intent on making the banks more responsive to the needs of industry and commerce — particularly the smaller developing companies in the provinces —and on the international front he wants organisations capable of competing with the best and of boosting French exports.

While the big banks claim that they do all of these things already, there is a strong body of opinion — supported in a recent report by an influential former banker, M. Jacques Mayoux—that the system is still too centralised. M. Mayoux proposed a greater number of regional banks, operating much more closely with the local communities in much the way that his former bank, the Credit Agricole, has done in helping revolutionise French farming since the last war.

A move in this direction might also involve changes in the highly elaborate system of State-backed quasi-banking institutions which have been set up over the years to channel cheap funds into different forms of development — to help small businesses of a certain kind, the farmers, the hotel industry and so on.

This is a problem of quite different order, resulting to efficiency in the way the banks run themselves rather than to their efficacy in stimulating industry. At the moment France's nationalised banks—Banque Nationale de Paris (BNP), Credit Lyonnais and Societe Generale—are all enormously over-lent in relation to their capital compared with most international institutions.

The Government wants to change this, partly to harmonise with international practice. But a more fundamental reason is that it would like to establish a stricter relationship between the banks' freedom to lend and their capital base. Only a bank which was growing, and earning its growth through profits, would therefore be able to increase its lending.

At the moment lending is held in check by the classic methods of interest rate control and the more controversial credit controls system. Anxiety over money supply growth has meant a draconian tightening in the credit ceiling restrictions in the last two years. But this effectively locks banks more and more strictly into their areas of traditional business, because lending is only allowed to grow in a certain proportion to what it was in a specific category in the previous year. The effect of the policy, therefore, is clearly to dull, rather than sharpen competition.

Thus a move towards a system which requires a bank to make real profits, increase its reserves and raise capital before it can expand its lending has a certain attraction as a self-regulatory device. Societe Generale, for example, has already moved towards fulfilling this aim by raising new capital on the Bourse. It would help control money supply growth, and fit in with the system.

T.D.

Spotlight on the mayor

FOR 1,617 years or thereabouts, since the day Paris was first known as Paris, the city managed to get by without an elected mayor. For the past three years it has had M. Jacques Chirac, the Gaullist leader. Halfway through his mandate, it has been a good time for Parisians to weigh up whether this can be counted as one of their many privileges or, like the spiralling cost of accommodation, a dangerous drawback.

From the word go, when M. Chirac defeated President Giscard d'Estaing's candidate for the post the President had created, the roles of mayor and politician have been difficult to separate.

Arguably, M. Chirac has a better reputation as mayor. A survey published in a short-lived glossy magazine, *Paris-Hebdo*, surprised Parisians a few weeks ago by finding that 51 per cent of their number considered their mayor "*sympathique*."

But many of the city's 109 councillors belong to the other 49 per cent. The Giscardian faction is already preparing its revenge for 1983. The Socialists and Communists, based in the fringe of the capital, complain that M. Chirac operates "like a governor," that district committees are not listened to and that the council itself has become just "a recording-room."

Confrontation

But the Left has found itself frequently on the same side as the mayor in his skirmishes with the State. The first big clash came up a year after M. Chirac was elected, over how much Paris should pay for its 13,300 police. In confrontation with the regional prefect, M. Lucien Lanier, a former campaign treasurer for President Giscard, the mayor had for once the whole of the council behind him.

This row has since been partially settled. The city now pays a smaller proportion of the police bill but more for its fire brigade. In other respects it has a better deal than other French towns. The State pays 70 per cent of the cost of its transport system, including its new high-speed suburban rail network. It pays for the Beaubourg arts centre, the Opera, and the Comédie Française, leaving the city free to develop other cultural projects.

The "Manhattanisation" of Paris which ran riot under President Pompidou has been largely halted since 1974. The viewer from the Eiffel Tower can seek the worst of it — the transformation of Montparnasse, the office complex of La Défense, the suburban excrescence of Créteil — like colonies of warts on a city that has otherwise managed to keep its homogeneity and denseness.

Of course, as with any other big city, people like to say it is not what it was. Whole areas have been overrun by speculators; around the Beaubourg, which used to be one of the more sordid corners of Paris, flats sell for FFr 17,000 a square metre, more than half as much again as the average. Shopkeepers in the revived 17th century residential quarter of the Marais have been ousted by antique dealers and wholesale clothes merchants. Hamburger bars are everywhere.

The city has its share of conservation battles. But nowhere has argument been stronger than over the never-ending saga of what is still known as les Halles, although for years it has been nothing but a hole in the heart of the city.

M. Chirac took over the case at a stage when it was already turning from potential tragedy to farce. The old central market began to be moved out in 1969 and the glass and iron-work pavilions were pulled down three years later. To date, a new underground railway station has been built, a project for a World Trade Centre been scrapped, a project for a concert hall scrapped, a windowless power plant erected, a block of flats designed by the Spanish architect Ricardo Bofill built to the first floor and (at M. Chirac's insistence) promptly pulled down again and finally — last September — a shopping centre opened.

The head of the development company for the area admits it was unfortunate that the whole project—which when the nearby Beaubourg centre and the transport facilities are included represents an investment of at least FFr 4.5bn (£500m) — should have started not with public facilities but with an up-market commercial centre like the Forum des Halles — a cascading glass structure receiving daylight on a series of underground levels and once described as "a disembowelled submarine."

France's Architects' Association, unimpressed by the red porphyry floors and white marble staircases, obstinately went ahead and ran a rival competition for a les Halles plan, receiving 600 entries.

But M. Chirac had already put his foot down — "The chief architect in charge of the les Halles project" he declared, "is me" — and in March the city produced a scale model of its version, lower-key, with a garden next to the commercial centre, flats blending with the streets around and a cluster of mushroom-like glass structures to house shops and services. Plans cover a hotel and underground facilities including an aquarium.

The mayor has decreed something "simple and in good taste." He is anxious to avoid another grandiose disaster such as the notorious abattoirs at la Villette, a FFr 1bn investment known as the "cows' hotel," recognised as unsuitable before it was finished, closed in 1974 five years after it was opened and now the city's most modern and expensive ruin.

Structure

He also needs to finish les Halles, or at least get the trees planted, before fighting for re-election in 1983. If he is to have a monumental structure to his name, he would rather it was the sports centre he is planning on the Seine near the Gare de Lyon. As fars as the les Halles project is concerned, there is less risk with a big pedestrian zone. In a few years it will be possible to walk 800 yards from the Beaubourg westwards, past the rediscovered flying buttresses of Saint-Eustache church, by crossing only one road.

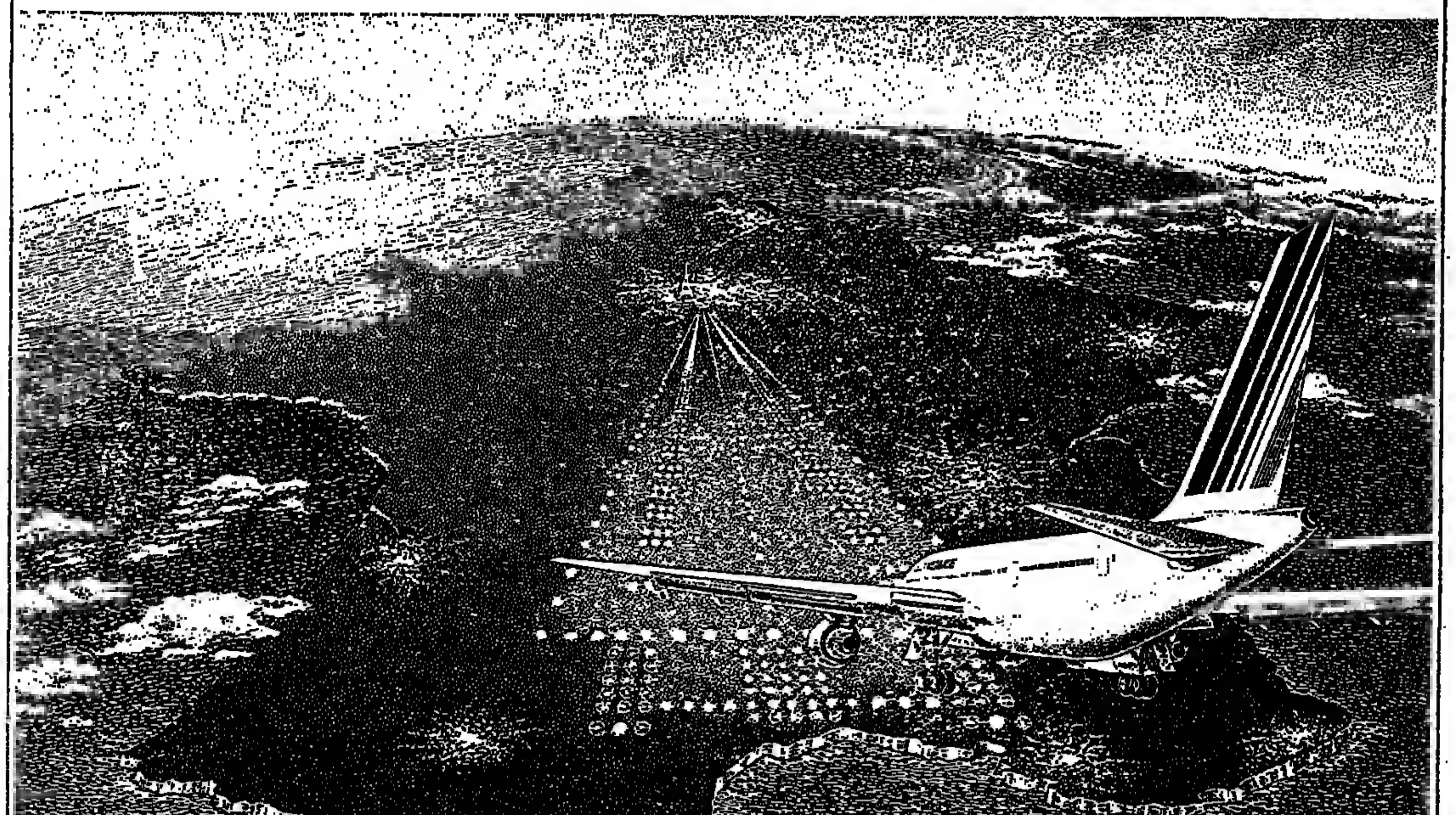
One thing both M. Chirac and M. Giscard d'Estaing can take credit for is keeping Paris a pedestrians' city, a place where the high cost of parking is not the only reason for walking.

Expansion of the city's sparse green space is planned with a park at la Villette, another on a Seine site taken over from the Citroën car company, the garden at les Halles and a scheme for more trees and fewer cars in the Bois de Boulogne. The authorities are also turning their attention to the shortage of children's play-space.

In addition—and in the spirit of Baron Haussmann, who not only built the boulevards but designed them for people to linger on—the city is ordering a fresh batch of newspaper kiosks and the round "Morris" columns, first built in the 1860s for the sticking of theatre posters.

D.W.

La France par Air France.



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Mother India's rising son

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THE SENSE of anticipation in India is almost as tangible as the scorching summer heat.

During the six months since Mrs. Gandhi was voted back to power with an overwhelming Parliamentary majority and a mandate to provide strong government, her administration has given the appearance of as much indecision and drift as the caretaker regimes of last year. There is little evidence of any effective attempt to come to grips with the shortages of power, coal and freight capacity on the rail network which have produced the first absolute decline in industrial output since 1967-68—coincidentally the first years of Mrs. Gandhi's initial term as Prime Minister.

Inflation is at an historically high annual rate of more than 20 per cent. The civil service has been left without direction and demoralised by the sweeping purge of senior officials. The insurgency gripping the north eastern state of Tripura, where hundreds of people have died in local fighting, and the still unknown repercussions of Russia's invasion of Afghanistan have added to India's sense of vulnerability.

Mrs. Gandhi's apologists say that she has been preoccupied with Afghanistan and Tripura, and that in any case the unpopular decisions that are needed were not politically possible until she had consolidated her hold on nine key states whose administration was in her opponents' hands. But with her triumphant victory in the state elections on May 30 —demonstrating more clearly than before, as one of her followers put it, that "the Indian electorate wants to be told what to do and to get on with it"—she must act now to show results. Thus the budget due this week, the expected statement on industrial policy and the feared crackdown on the trade unions are all being watched for signs that at last she is taking the country in hand. They may prove false dawns because there is little sign that in the hiatus of government new policies have been prepared.

What probably accounts most strongly for the sense of expectation is that the state elections, in which her 33-year-old son Sanjay picked up over half the successful Congress candidates, have confirmed that this young man is now a major power in his own right. At the least he is in effect in charge of India's economic and industrial policy while his mother retains overall control of politics and foreign

He is openly spoken of as the next Prime Minister

policy. He is openly spoken of as the next Prime Minister. Should Mrs. Gandhi be struck by an assassin's bullet tomorrow there is little doubt that the majority of the Congress Party would fall over themselves to elect him as their next leader.

There has been no parallel in India's post independence history to this meteoric rise. With an indifferent school record, a failed career in business attempting to develop the Maruti car, allegations of misuse of power and shady financial dealings hurled at him thick and fast after the period of emergency government it is most unlikely that Sanjay could have achieved the prominence he enjoys today without his mother's support and her determination that India continue to be led by the Nehru family.

Sanjay's strength is that his mother could probably not have weathered the court decision that unseated her from Parliament in 1975, the humiliating electoral defeat of 1977 and the seemingly endless commissions of enquiry after the Emergency without Sanjay pressing her to stand her ground. In the event his political judgment proved correct and has outlived his crass mistakes during the Emergency such as the sterilisation and slum clearance campaigns. But the shared sense of standing together against what seemed an interminable persecution campaign and of ultimately being vindicated and redeemed by the Indian electorate is a bond that holds them together.

Sanjay is still without any official post in the government, though his appointment last week as one of four general secretaries of the Congress suggests he is likely to follow in his mother's footsteps as Congress President. His influence —like that of other close companions such as his schoolboy friend and Calcutta businessman, Kamal Nath—is exercised from behind the scenes creating the unhealthy combination of immense power with no responsibility.

Beyond his immediate aim of establishing an unassailable political base, he seems to see his role as bringing a dose of fresh air to a dusty administration, of pushing projects that might otherwise get ensnared in the bureaucracy, and of achieving results without much concern for the means employed. He is arrogant, suspicious, vindictive, nervous of public debate in which his often simplistic ideas might be put to the test of public criticism. One of the ironies of Sanjay's inheriting the mantle of Jawarhlal Nehru is that he is openly contemptuous of his grandfather's most treasured legacy to India of a Parliamentary democracy.

He flaunted his disdain during the recent state elections in the northern state of Uttar Pradesh by putting up as candidates two men facing criminal charges for hijacking an Indian Airlines plane last year as a protest against Mrs. Gandhi's internment. Both won with an ease that recalled Caligula's ability to make his horse a Roman consul.

In sharp contrast with his grandfather's love of oratory, his speeches are brief, haughty and indifferent to his audience's response. He is quite open in letting it be known that the path to his good will lies in contributions to the party. Some of the sweeping changes that have recently been made in the upper ranks of the civil service can be put down to a change of government. But nothing has so shaken the reputation of the civil service for independence, integrity and competence as the effective removal of men like Mr. Mantosh Sondhi, the former Secretary for Steel with a career of immense distinction in developing the Vijeyanta tank, the Bokharo steel mill and the public sector engineering industry.

The new appointments are mostly men of second rate calibre and the ministers above them are treated by Sanjay and his friends as little more than messenger boys.

Beyond her ambitions for her son, there is probably a further factor that accounts for Mrs. Gandhi's encouragement of what can only be called the Sanjay phenomenon. She herself has had increasing doubts about what liberal democracy and the values of the old Congress Party have achieved for India in the last 30 years: whether they are adequate to surmount the magnitude of India's social and economic problems: and whether they can meet the Marxist challenge which is now the only real threat to her rule. She herself pruned the party in 1969 and then again in 1977 both of "dead wood" and those against her. She established the Youth Congress under Sanjay during the Emergency as a sort of ginger group to the main party.

Now the Youth Congress has effectively taken over the party bringing in young men like Sanjay in their 30s, enthusiastic, inexperienced brash, short of ideas, determined to go places, and tumbling over each other in professions of obedience to the Gandhi family. They take their speaking style from Sanjay, hectoring their opponents and avoiding debate.

Patronage and hence key posts in the government or administration seem to fall to those who can prove themselves most loyal. Adding therefore to the sense of expectation are queries over where this untried experiment — a sort of cultural revolution — will carry India and whether Sanjay will overreach himself.

As yet, this is an administration "which has no policies, only attitudes" says one observer summing up the tone of Mrs. Gandhi-Sanjay regime. It is probably more business oriented and more to the right than any other administration that Mrs. Gandhi has led.

It seems likely however to continue to give unnecessarily heavy protection to domestic in-

An administration 'which has no policies, only attitudes'

dustry thus fostering profits rather than international competitiveness.

It is toying with what seem unrealistic ideas of a national labour force to marshal the unemployed on public works projects like road and bridge building. Payment would not be in cash but in IOU's redeemable when the schemes are generating their own revenues through toll charges. It is also looking to more worthwhile proposals for bringing the private sector into power generation and shaking up the monopoly of Indian Airlines, the domestic carrier. It seems no more adverse than its predecessor Janata administration to borrowing on the Euromarkets to finance key industrial projects—thus breaking with a post independence shibboleth against commercial borrowing.

The potential sea change of Mrs. Gandhi's new administration is viewed with horror by Indian intellectuals who see the country taken over by organised philistinism and increasingly authoritarian rule. They are watching keenly the results of a contest brewing between the Supreme Court and Mrs. Gandhi after a recent surprise ruling by the Court which limits Parliament's power to amend the constitution. Many, however, support Sanjay's goal of liberalising the economy.

The unions and the Marxists are waiting for Mrs. Gandhi to make her challenge. There is little doubt that, by the autumn, there will be bloodshed in West Bengal as Marxist and Congress gangs battle it out on the street.

The private sector has mixed feelings. The nods from the Sanjay camp would indicate that the private sector will achieve much that it has sought for years. They dislike, however, a system in which there is so little delegation of power and where the ministers and senior civil servants with whom they have to deal are second rate and have but the shadow of the power their rank would suggest. The government pivots on Sanjay and his mother. But above all they are apprehensive that the administration is being so weakened that it will not be able to handle the complex decisions over improving the country infrastructure on which the private sector depends. "Even if they take the right decisions," says one businessman, generally sympathetic to the regime, "they don't have the capacity to manage them. They seem to be throwing out everybody who is not their man . . . how can we centralise policy-making in two people?"

Mrs. Gandhi has returned to office in a year of severe drought, in which GNP fell 3 per cent, in which the trade deficit was the largest in the nation's history, and when the balance of payments is coming under increasing strain. A good monsoon would provide immediate relief. But what the heavy power cuts, the low level of coal production and the delays at the ports and on the rail network over the past year have shown is that India does not have adequate infrastructure for sustained industrial growth.

Mrs. Gandhi knows that in the last resort success in projecting an image abroad of a stronger India will depend on her skill in managing the economy. She is taking a more high handed attitude with her neighbours—Bangladesh, Bhutan, Nepal and Pakistan—than did the Janata Administration, treating them almost as tributaries of India. She certainly wants to see India as the major power in southern Asia sitting at the same table as the great powers and able to represent the large and amorphous group of the non-aligned. She is embarrassed by Russia's adventures in Afghanistan and its difficulties. But she is exploiting the Soviet Union's desire for India's friendship to buy arms from Russia on the cheapest terms to enhance India's strength and ultimately pry India away from such dependence on the Soviet bloc. Sanjay is an uncertain reed on which to place such large ambitions.

Mrs. Gandhi's picture looms over her son, Sanjay (centre), at a political rally.

Letters to the Editor

Moratorium on building

From the Director-General, National Council of Building Material Producers.

Sir,—Mr. Gaulter (June 13) drew attention to the damage that the civil engineering industry would suffer from a moratorium on local authority and other public sector construction work. It is true that civil engineering is particularly dependent on the public sector but other parts of the construction industry also would be seriously affected. After a relatively good winter the building materials industry is finding that business derived from private sector work is now declining. Even the hitherto buoyant repair and improvement market is showing signs of decline. A moratorium on new contracts for public sector work would add to the instability caused by the recession in private sector demand.

In the Commons debate on the construction industry Mr. Heseltine admitted that a moratorium was being considered. This suggests that while the Government is concerned with the growth in money supply and the overall level of public expenditure there is little concern about the economic consequences of devoting so little of the public sector's resources to investment. I cannot believe that Treasury Ministers and their advisers are as blind to this as their present thinking seems to suggest.

Richard Hermon,
33 Alfred Place, WC1.

British standards

From the Director, British Standards Institution

Sir,—We were surprised to read the paeon of praise for the German standards body, DIN, in the issue of the Financial Times (June 11). While DIN's achievements should be acknowledged, the fact that the British Standards Institution, BSI, is the oldest national standards body in the world and has a worldwide influence equal to that of DIN must also be recognised. Perhaps I could just highlight some of the points made.

British Standards influence the life of every person in the United Kingdom, just as DIN standards influence the life of every West German. In all industrialised countries the role of standards in safeguarding the community is equally powerful.

The fact that DIN made an agreement with China last year, which ensures that DIN standards are now available to the Chinese is interesting. But British Standards have been available to the Chinese for nearly 20 years—two sets of standards are now held in Peking and one in Shanghai. BSI's recent agreement with the Chinese standards body includes an arrangement for the exchange of technical expertise which will give British manufacturers a fine opportunity to open up this vast new market.

The apparatus of standards making in Berlin with experts sitting on committees, which your article suggests is unusual, is exactly the same in the UK —BSI has 4,500 committees and 30,000 committee members. The claim that the German standards which these experts produce are perfect seems to be a little naive in a world of very different national needs and approaches, and constantly developing technology and new materials.

While we acknowledge DIN's early influence on the standardisation of paper sizes, the spread of the use of the A series of sizes world-wide is a result of the international standardisation movement, based in Geneva, in which DIN and BSI are equal partners with over 80 countries.

You state that DIN standards can be studied in 82 cities around the world. British Standards can be studied in over 150 cities — including Berlin!

It is a pity that a newspaper of your high standing in the United Kingdom should have published an article promoting DIN in this way. The essential contribution which BSI makes to helping British industry, through its national and international standards work, through testing and third-party certification and through its world-leading special services for exports might have been referred to, at least, to give perspective. DIN is in no way unique.

J. G. Gaddes,
2, Park Street, W1.

Top people's salaries

From Lord Boyle of Handsworth

Sir,—Your Lobby Correspondent has surmised (June 13) that "Lord Boyle has not yet submitted his recommendations (on MPs' pay) but it could well be near the 18 per cent be recommended for doctors." May I point out that the Top Salaries Review Body, of which I am Chairman, is not concerned with the pay of doctors, which is the responsibility of the Doctors and Dentists Review Body whose Chairman is Sir Robert Clark.

Edward Boyle, Chairman,
Review Body on Top Salaries,
*Office of Manpower Economics,
22, Kingsway, WC2.*

U.S. trade with Saudi Arabia

From Mr. John Reddaway.

Sir,—With all respect to Professor Eilon (Letters, June 10), he does appear to have ignored a crucial point in Mr. Faulds' letter about the effects of the anti-boycott legislation on American trade with the Middle East.

Mr. Faulds did not deny that the dollar totals of American exports to the Arab World had increased. What he maintained, however, was that the increase was "almost wholly attributable to the sale of arms." In this, the facts would seem to bear him out.

For the year 1978, Professor Eilon gives the figure for American exports to the Near East (excluding Israel) as being $10,487m. According to John Rossant, writing to the *International Herald Tribune* Supplement on Saudi Arabia of February 1980, for that year the dollar total for American military hardware and services sold to Saudi Arabia alone amounted to $8,400m.

The respective figures for 1973 are total exports; $1,853m (Professor Eilon) and arms sales to Saudi Arabia: $709m (George Wilson, *International Herald Tribune*, 12 October 1979). Thus, between 1973 and 1978, American arms sales to Saudi Arabia rose almost twelve-fold. The 5½-fold increase in total American exports for the same period is thus very largely accounted for by increased arms sales (as Mr. Faulds implied). If these are omitted, then the relative decline in American trade is seen in truer perspective. It is not unreasonable to assume that the American anti-boycott legislation probably was a major factor in causing this decline.

John Reddaway,
*19, Woodsyre,
Sydenham Hill, SE26.*

Profit and interest

From Mr. R. E. Benns

Sir,—If the Government is genuinely concerned about the burden of high interest rates to industry and exporters, why does it not introduce a special form of tax relief on such loans?

Businessmen are already able to set off interest charges against their profits. But if interest charges are so high that this set off is not enough to stimulate investment, why do we not go further? As with stock relief, so surely some form of excess interest relief could be allowed if interest rates exceeded e.g. 7 per cent per annum. In this way the authorities could maintain high interest rates to stimulate saving and discourage personal borrowing whilst easing the burden upon those upon whom the country depends for the creation of its wealth.

R. E. Benns
*Longstone House,
30 Collington Road,
Soltash, Cornwall*

No safety loophole

From the Head of Safety Policy Branch B, Health and Safety Executive.

Sir, — Your Survey on Materials Handling (June 2) contains a statement (attributed to a spokesman for the Federation of Manufacturers of Construction Equipment and Cranes) that "the UK's stringent safety regulations, while imposed on UK manufacturers, leave large loopholes for imported goods."

This is not the first time such allegations have been made (and answered). Let me assure your readers that the relevant health and safety legislation, principally Section 6 of the Health and Safety at Work, etc., Act 1974, applies to UK-manufactured and imported goods without distinction, and is enforced accordingly. If the Federation of Manufacturers of Construction Equipment and Cranes have evidence of any imported goods not complying with our health and safety legislation, we should be grateful if they would now send it to us for investigation.

J. A. W. McDonald.
*Baynards House,
1, Chepstow Place, W2.*

Faults in a quality car

From Mr. S. Hall

Sir,—On reading your article on British Leyland's problems with Jaguar, I was amused by the reference on two occasions to the car being a "quality car."

I have been a Jaguar owner for 20 years and in the past few years have experienced faults which make that description most inappropriate. A new automatic gearbox required following a nightmare breakdown on the motorway on my Jaguar's six months birthday, followed by major axle repairs some weeks later.

My present Mark III broke down 17 times in a few months. It is now a year old and the windows, windscreen wipers and heater all function badly and there is a constant smell of petrol in the car in hot weather. The car frequently stalls when the gear is engaged.

S. Hall.
*66, Springfield Lane,
Eccleston,
St. Helens, Merseyside.*

Non-executive directors

From Mr. Eric H. Dodson.

Sir,—Some of the points made in the interview with the chairman of the American SEC are relevant to the recent correspondence in your columns about non-executive directors.

In particular, the point about the influence to be attributed to non-executive directors in a take-over situation is well made. Of course influence on this and other subjects may often be exercised without public demonstration outside the boardroom, but the truly indpendent and dedicated non-executive should not hesitate, in the last resort, to make known his opposition to policies or practices which he believes are detrimental to the interests of the company. For example, it is at least arguable that a non-executive director who has been unable to persuade his executive colleagues to accept established accounting standards should consider resignation rather than be a party to laying before members accounts bearing a qualified auditor's report.

Eric H. Dodson,
*Dennis House,
Marsden Street, Manchester.*

Interesting factoring

From Mr. J. F. Lavery

Sir,—May I follow up Mr. Elliott's letter of June 11 with a first-hand example of a relationship between a small company and a banking group.

The company I refer to manufactures and sells goods to a small number of "blue chip" ICI-type companies. It factors the invoices it issues through a clearing bank factoring subsidiary. For the service provided against the security of debts due from the "ICI's" of this world, the factoring company has received, over the past year, a return equivalent to 48 per cent per annum interest on the balances outstanding from day to day. The small business in this example also uses the same banking group for its normal banking. The actual amount paid out in factoring and banking charges in a year is slightly less than the present current account overdraft, which is also secured by second mortgages on the houses of the shareholder/directors.

I have not inquired as to the rate of interest charged by the bank on an overdraft being used, in part, to pay the charges levied by its own subsidiary.

J. F. Lavery,
Eastcheap Management Services.
33, Eastcheap, EC3.

Organising pensioners

From Mr. R. M. McRobb

Sir,—Apropos your news item last Friday (June 6) about the desires of the TUC and Mr. Clive Jenkins to organise the pensioners, it would seem at least mildly desirable that the views of the pensioners should be sought. Certainly before "TUC Cards" (whatever they may be) are issued.

As one who will, in a few months, be one of those pensioners I should like to make it quite clear that I have no desire to be represented by organizations such as the TUC or Mr. Jenkins' union. Furthermore, from the contents of your report, if correctly reported, it would seem that the unions may have ideas far beyond that of representing "the workers." It may even be that one day they will propose a closed shop of pensioners and that it will not be possible to retire and receive one's well earned pension unless one belongs to Mr. Jenkins' union.

Really, they must be joking, but they never joke, do they?

R. M. McRobb,
*Glebe Cottage,
Honeydon Road,
Colmworth, Bedford.*

Duty and charity

From Mr. G. P. Christie,

Sir,—With regard to Gareth Griffith's article on duty saving in your June 10 issue.

There was no duty charged before and there is no duty charged now so I fail to see the saving of £5.2m The only saving is on the traders whisky. The losers will be the smaller charities, fêtes, etc.

No one gains from petty restrictions. The Customs and Excise must be very hard up when they look for credit in this direction.

Speyside Distillery and Bonding Company, 35, Robertson Street, Glasgow.

Today's Events

GENERAL

UK: National Economic Development Council meets to resume consideration of macro-economic policy, London.

President Ziaur Rahman of Bangladesh starts official four-day visit to UK, meets Mrs. Margaret Thatcher and Lord Carrington.

Mr. Reginald Eyre, Trade Parliamentary Secretary, speaks at Institute of Directors conference on the new Companies Act, London.

Confederation of Health Service Employees conference opens, Blackpool (to June 20).

Nominations close for Glasgow Central by-election (on June 26); Mr. Tony Benn addresses meetings in Glasgow.

Dr. Fayez I. Bedr, Saudi Arabian Ports Authority chairman, speaks at Arab Ports conference, London (to June 17).

Royal Highland Show opens, Edinburgh (to June 19).

Overseas: European Parliament session opens, Strasbourg (to June 20).

EEC Fisheries Council meets, Luxembourg, to discuss technical conservation measures, control of catch, and sharing of resources.

King Khaled of Saudia Arabia starts official four-day visit to West Germany.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the Brandt Commission Report.

House of Lords: Social Security (No. 2) Bill, committee stage. Gas Bill, second reading.

OFFICIAL STATISTICS

Balance of payments current account and overseas trade figures for May.

COMPANY MEETINGS

See Financial Diary on Page 16.

On the instructions of MEPC Ltd.

Dorset House
Stamford Street SE1.
94,000 sq.ft. (approx)
Freehold Office Building
Refurbishment - Occupancy - Investment
For Sale by Informal Tender.

Sole Agents
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Chartered Surveyors
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Underwriting losses take a heavy toll on Minster Ins.

HEAVY underwriting losses last year in the motor fire and accident accounts severely cut the 1979 pre-tax profits of Minster Insurance, a subsidiary of Minster Assets.

The underwriting losses on these accounts, at £7.6m, were three times as heavy as in 1978, while the underwriting profit on the marine and aviation account was halved to £388,000. So despite a 14 per cent rise in investment income from £7.6m to £8.7m, pre-tax profits were slashed to £466,000 (£4.6m).

After tax and a transfer to investment reserve, the company recorded a deficit of £64,000 against a previous year's profit of £3.1m.

The company paid an interim dividend of £500,000 in 1979, the same as in 1978, but omitted a final dividend payment (£500,000).

There was a significant downward trend in underwriting on its motor account, the company's largest area of operations. This was attributed to a rise in the number of claims, resulting from the severe weather conditions in the early months of 1979, and to VAT increase.

The company points out that although the number of claims has fallen in 1980, the intense market competition is depressing premium rates to levels that are not adequate for underwriting profitability.

The UK fire and accident account expanded strongly last year with premium income jumping 40 per cent. But the property account continued to be the main problem area as a result of severe weather losses.

The company referred to the keen operating conditions in both the marine and the aviation market and the sharp increase in losses in both spheres that occurred last year. Premium rates remain inadequate in the face of severe competition.

As already announced, Minster has ceased writing new business in the life sector as from May 1, 1980, and the funds are being operated as closed accounts.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals: Chamberlain Phipps, Craig and Rose, Dewson International, Ferguson Industrial, Fortnum and Mason, Hambros, Leaney Products, MK Electric, National Carbonising, Norwest Holst, VGI.

FUTURE DATES

Interims—	
Brunner Investment Trust	June 20
Charter Trust and Agency	June 19
Derby Trust	July 24
Grange Trust	June 20
Greenfields Leisure	July 4
Irish Distillers	June 25
Watson and Philip	July 10
Finals—	
Barlow Holdings	June 25
Bisichi Tin	June 18
Charter Consolidated	June 24
Durapipe International	June 26
Polymark International	June 23
Renwick	June 24
Textured Jersey	June 26
Tunnel Holdings	June 19

Maddock chairman resigns

MR. DAVID PEARL has resigned as chairman of Maddock, the troubled ceramics company which recently placed its Royal Stafford China subsidiary into voluntary liquidation.

Mr. Pearl announced his departure on the same day that Maddock reported pre-tax losses before extraordinary items of £324,611 for the six months to December, 1979. The group provided no comparative figures, saying that they would be "misleading." The sale of Ceramix Group Inc. to Newman Industries at the beginning of this year has produced a book profit of £695,763, which has been shown above the line.

Mr. Pearl said over the weekend that he had only stayed on with Maddock in order to carry out "delicate negotiations" and restructure of the group's operations. He felt that he would now be "an unnecessary drain on resources."

The new chairman is Mr. Malcolm Holt, a Maddock director, and Mr. John D'Arcy, managing director of John Maddock, has been appointed to the main Board. John Maddock is the only remaining operating arm of Maddock.

The interim figures show sales of £1.45m and interest charges of £129,497. No dividend has been paid.

BSR CONVERSION

The directors of BSR announce that 11 holders of 5½ per cent Convertible unsecured loan stock with a total interest of £6,090 stock have lodged notices to convert such stock into 2,646 ordinary shares.

Strong UK order book for Taylor Woodrow

THE UK order book of Taylor Woodrow, the construction group, had risen by over 55 per cent during the past year, Mr. Richard Puttick, the chairman, told the annual meeting.

Group profits, he added, were running around the level of those for the same period of last year. He declined to make any forecasts, though he said the company was generally in good shape.

Of the total order book of nearly £750m, UK business accounted for £594m. A year ago, orders totalled £549m, with the UK slice amounting to just over £360m.

It did not follow, he told shareholders, that earnings would necessarily follow the trend indicated by the sharp rise in UK orders. "In today's very competitive conditions, profit margins are reduced and we have to work that much harder and more efficiently to maintain our profit levels," he said.

At other annual meetings, the chairmen made the following remarks:

Mr. A. J. Dewhirst, of I. J. Dewhirst Holdings said the group was feeling the effects of the lower level of retail trade this year and it was slowing down the growth in sales and putting pressure on margins. It was very difficult to forecast future results, but he was confident that the half-year outcome would show some increase in sales and in pre-tax profits, helped by interest on cash deposits.

Mr. E. W. Phillips, head of Higgs and Hill, said the group had handed over seven of the nine sections of the road contract in Trinidad, and he confirmed the board's belief that the whole of the works would be completed by the end of 1980 provisions.

without the need for further

As the contractor for the large building project in Port-of-Spain, Trinidad, for the new Hall of Justice, the group had now completed negotiations and expected the contract to be signed in the next two or three weeks. It was a project valued at some £20m.

The group had also been appointed the management contractor for the construction of the new 47,000 square metre office block for the telecommunications side of the Post Office at St. Martin's-le-Grand in the City of London.

This was the largest contract yet awarded to the group on a management basis and it will extend over 37 months.

Profits of Harold Perry Motors were not expected to reach the previous year's level of £4.93m, Mr. J. F. Macgregor told members.

A large proportion of the group's business was based on transport requirements of industrial and commercial companies, many of which were being forced to cut down their vehicle purchasing. This was reflected in motor industry forecasts of lower car and commercial vehicle sales in the current year.

However, the group had low gearing, a big advantage at a time of high interest rates and put the group in a uniquely strong position to cope with a business recession.

All factories of the S. W. Farmer Group of steel fabricators were busy with a normal order book, but market conditions were depressed, Mr. Brian Farmer said.

He would make no forecast but said the group was fully alive to the present situation and had the resources to overcome the prevailing climate satisfactorily.

Trade picture deteriorates as Fairey prepares forecast

Fairey Holdings, the National Enterprise Board-owned engineering group which is the subject of a £24m bid from financial and industrial group S. Pearson warned yesterday that it faces a "deteriorating situation on the economic front" in the engineering industry. Fairey is reviewing its current year profits forecast made prior to the Pearson offer.

It is now understood that when Pearson made the offer in April —through it Doulton and Co. subsidiary—Fairey was forecasting pre-tax profits of £5.5m for the current year, compared with £5.1m in 1979. When Doulton asked Fairey for a confirmation of the forecast, Fairey decided to prepare a fresh one, which has delayed completion of the deal from an expected mid-May to perhaps the end of this month.

Doulton chairman Mr. J. P. Medd has said that the deal will go ahead if any adjustment to Fairey's forecast is minor, but a major revision might cause the company to think again. He added yesterday that he has still received no indication of what the new forecast is likely to show.

Meanwhile, Hambros Bank, which opened the bidding for Fairey and narrowly undershot Pearson's offer, remains in the wings. "Our position is that they know where we are, and we would be delighted to talk to them," said Hambros director Mr. Christopher Sporborg yesterday. He said that, in view of developments since Hambros' original bid in February, "it will be more difficult to get the institutional groups together again." But, he said, the bank and its partners in the bid "still like the company and the management."

Berec sees difficult year but continues expansion

THE CURRENT year will be difficult for Berec and with some measure of recession to be endured in most countries the group trades in, Mr. Colin Stapleton, chairman, says the immediate future is uncertain.

It is, however, pressing ahead with plans for new products, "so that when the upturn comes we will be ready," he states.

During the year to March 1, 1980, more than £18 was spent on fixed assets, the chairman tells shareholders, the major thrust being on the newer battery systems, demonstrating the directors' belief that "it is essential to keep up a programme of capital expenditure in order to prepare the ground for the future."

Some £22m spending is planned for 1980-81.

As reported on May 17 there was a strong recovery in the second half of the year with pre-tax profits rising from £9.16m to £14.03m, leaving the figure for the full period at £17.19m (£20.3m). Turnover improved to £229.7m (£214.9m) and the dividend is 5.495p (4.7813p) per share.

On a CCA basis profits are reduced to £2.8m (£12m) subject to a £6.2m (£7.5m) tax charge.

As at March 1, shareholders' funds totalled £127.73m (£102.51m), and bank loans and advances had increased to £23.52m (£14.76m).

Meeting, 1255 High Road, Whetstone, N, July 9 at noon.

Second-half recovery for Twinlock

A recovery in the second half following losses of £241,000 midway meant that Twinlock, the unquoted office equipment group, finished the year to February 29, 1980, with pre-tax profits of £201,000. However, this was substantially lower than the record £1.43m achieved in the previous 12 months.

No dividend is being recommended for the year—last time there was a payment of 0.5623p net.

Mr. A. K. L. Stephenson, chairman, says the group was hit by unofficial industrial action in its distribution complex during the first half.

Operating profits were down from £2.35m to £1.57m for the year, before increased interest interest of £1.37m, against £0.92m. Tax took £98,000 (£248,000).

There were extraordinary debits of £291,000 (£125,000) which included a £200,000 write-off of goodwill.

Delyn at £120,000

PRE-TAX PROFITS of Delyn, the packaging group, improved to £120,000 in the 53 weeks to February 3, compared with £47,000 in the 69 weeks to January 28, 1979. Turnover rose from £5.97m to £6.11m.

At halfway the company reported a loss of £40,000 (£34,000) after an extraordinary debit of £45,000 on turnover of £2.39m (£1.87m), although an improvement in operating profits was expected to continue.

Taxation took £63,000 (£24,000) and there was exceptional expenditure of £88,000. Earnings per 20p share are given as 2.8438p (1.1975p).

Further fall at Highgate and Job

DESPITE an exceptional credit of £112,475, pre-tax losses of Highgate and Job Group, the marine and animal oil refiners, increased from £123,355 to £145,141 in the year to March 31. Turnover was down 12 per cent from £9.57m to £8.42m.

There was a tax credit of £64,365 (£63,751). The dividend is again passed and the stated loss per share is 8.8p (5.9p).

The board says that considerable economies and reorganisation have been carried out and the trend of the company's trading gives grounds for cautious optimism.

Vandalism—one third of all fire losses

BY OUR INSURANCE CORRESPONDENT

INSURERS have been reading a 20-page report produced by a Home Office working party on Fires caused by Vandalism. The party, set up towards the end of 1978 consisted of five civil servants, five senior fire and police officers and three representatives of the insurance industry.

Its task was "to establish the extent of vandalism by fire, and to identify how far the pattern of incidence conforms to any identified general pattern of vandalism; to identify the main risk areas and targets; and to consider and make recommendations as to potential courses of preventative or remedial action."

For those who want to get to the nub of the working party's deliberations paragraphs 67 and 68 of the report provide a summary of conclusions and recommendations.

"Vandalism," says para 67 (iv) "accounts for the largest proportion of the cost of fire losses . . . the cost of arson in 1977 is likely to have been between £80m and £100m . . . approximately one third of all fire losses." This quantification emphasises the scale of the preventative and remedial measures required, and may well cause the faint hearted to throw up their hands and say that nothing can be done.

The report tells us very little new about location: thus the summary in para 67 (ii) and (iii)—"vandalism by fire is most acute in areas of high urban concentration . . . the risk of malicious ignition is higher in premises which are isolated unattended and with little or no security and in those where children and young persons congregate. . . ."

Among the back up statistics (Appendix B) is a note of the number of indictable offences recorded by the police from 1970 and 1977 in England and Wales: The number of recorded cases of arson has increased from 2,500 to 9,400 in that period. But the conviction rate is low—between 25 per cent and 33 per cent—in 1977, 2,382 people were found guilty or cautioned of arson: close on two-thirds of these were children between the ages 10 and 17.

The second half of the report, paragraphs 41-66, deals with the immediate physical steps that can be taken to reduce opportunities, rather than with long term social measures, which are clearly less tractable.

Five main points emerge, and are summarised in para 68. The first is for builders and architects and for owners — buildings should be better designed, existing buildings should be modified to limit the number of features providing opportunities for vandalism. Second come "good housekeeping" measures — the installation of automatic intruder alarms, detector systems and sprinkler systems. Closely related is the third — the surveillance of particularly sensitive areas and targets by caretakers, staff and specially appointed guards.

Then came two recommendations of direct interest to insurers. Insurers should further encourage policyholders to take steps to protect their property from vandalism — clearly the working party has in mind the making of premium reductions where some or all of the first three recommendations have been implemented.

Beyond this there must be close co-operation not only between police and fire services, but "where appropriate" involving the insurance industry — the party considers particularly that the experience of insurance loss adjusters could make a more useful contribution than at present.

One of the insurance men serving on the party was Mr. N. C. Strother Smith of the Fire Protection Association, so perhaps it is worth mentioning that the FPA already has two publications available for companies wishing to combat potential vandals—Security Against Fire Raisers and Fire Safety Patrols.

Now, with contacts with the Home Office firmly established in consequence of membership of the working party, insurers are well placed to play an increasing part in the reduction of the number and cost of fires by vandalism.

SPAIN

1980 High	1980 Low		June 13 Price %
228	203	Banco Bilbao	223
258	217	Banco Central	253
220	203	Banco Exterior	215
228	200	Banco Hispano	221
137	122	Banco Ind. Cat.	122
175	141	Banco Madrid	141
280	237	Banco Santander	280
190	140	Banco Urquijo	156
238	208	Banco Vizcaya	232
209	200	Banco Zaragoza	200
106	75	Dragados	83
82	58	Espanola Zinc	61
63.7	53.2	Fecsa	63.7
40	24	Gal. Preciados	29.5
67.5	59.7	Hidrola	67.5
67	57.5	Iberduero	66.5
120	100.7	Petroleos	107.7
73	59	Petroliber	64
115	107	Sogefisa	107
58	51.5	Telefonica	58
67.5	58.2	Union Elect.	64

FORMERLY EVER READY

BEREC

Formerly Ever Ready Company (Holdings) Limited

Second Half Recovery

- Exports affected by continuing high inflation coupled with a strong pound.
- Progress on newer battery systems very encouraging.
- Adaptability essential in today's rapidly changing environment.
- Property revaluation shows surplus attributable to shareholders of £19 million.

Results	1980 £'000	1979 £'000
Sales	229,712	214,852
Profit before tax	17,185	20,299
Profit attributable to Ordinary Shareholders	10,172	9,564
Earnings per Ordinary Share	15.1p	16.4p
Dividend per Ordinary Share	5.5p	4.8p

Berec Group Limited, Berec House, 1255 High Road, Whetstone, London N20 0EJ.

Moulinex

The Ordinary General Meeting held on May 31, 1980 under the Chairmanship of Mr. Jacques Vizioz, Chairman of the Supervisory Board, approved the resolutions proposed by the Management Committee presided over by Mr. Jean Mantelet. The results of the fiscal year 1979 show a net increase compared with those of the fiscal year 1978, which had been affected by exceptional events.

Gross margin of self-financing reached Frs. 283 million versus Frs. 239 million (+18.4%), and the net profit reached Frs. 69 million versus Frs. 54 million (+27.8%). The latter was affected by important provisions of about Frs. 30 million, thus taking into account losses incurred by the American subsidiary. The Company has maintained its effort concerning investments which amounted to Frs. 166 million or 9.37% of the turnover.

The Meeting set the net dividend at Frs. 4, supplemented by a tax-credit already paid to the Treasury of Frs. 2, thus an overall revenue of Frs. 6 versus respectively Frs. 2.1 and Frs. 3 for the previous year.

The dividend will be payable as of June 18, 1980 against coupon no. 10.

In his address, Mr. Jean Mantelet emphasised that because of increasingly hard international competition, an increase in research facilities had been undertaken which will enable, as of 1981, to present several "general public" products protected by manufacturing patents.

He also announced the early commercialisation of "top-range" products, the sale of which should be less dependent on family consumption.

An Extraordinary General Meeting, held after the previous one, has decided to replace the present management system of the Company (Supervisory Board and Management Committee) by one consisting of a Managing Board only.

THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V.

U.S. $75,000,000 Floating Rate Notes due 1986

For the six months 13th June 1980 to 15th December 1980 the Notes will carry an interest rate of 9⅝% per annum with a coupon amount of U.S.$247.31

Bankers Trust Company, London Agent Bank

FALCONBRIDGE

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of One Dollar ($1.00) per share on the outstanding Common Shares has been declared by the Board of Directors of Falconbridge Nickel Mines Limited, payable in Canadian funds on June 30, 1980 to shareholders of record at the close of business on June 12, 1980.

BY ORDER OF THE BOARD
J. D. Krane
Secretary

Toronto, Canada
June 2, 1980

executex Clothes Limited

10/12 THE HEADROW, LEEDS LS1 6PZ

	Year to 31.12.79 £	Year to 31.12.78 £
Turnover	1,678,017	1,206,174
Pre-Tax Profit	255,609	202,173
Taxation	68,831	8,835
Earnings per Share	9.06p	9.37p
Dividend per Share	1.855p	1.613p

"It is well known that the clothing industry is passing through a very difficult period . . . in these circumstances your Directors consider the Company's current trading to be satisfactory."

STANLEY LUPER, Chairman

executex

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 27.6.80.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	14	14	14	14	14	14	14	14

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

£000's capitalisation	Company	Last price	Change on week	Gross Div (p)	Yield %	P/E
3758	Airsprung	85	+3	6.7	10.3	3.8†
750	Armitage and Rhodes	30	+2	3.8	12.7	2.0†
8493	Bardon Hill	278	−7	13.8	5.0	8.2†
780	County Cars 10.7% Pf.	78	—	15.3	19.8	—
6351	Deborah Ord.	92	+1	5.0	5.4	10.1
4387	Frank Horsell	117	—	7.9	6.7	7.3
13002	Frederick Parker	90	−2	12.8	14.2	4.1†
2172	George Blair	102	−2	16.5	18.2	—†
1875	Jackson Group	75	—	8.0	8.0	2.9†
14530	James Burrough	106	+2	7.2	6.8	9.3
3060	Robert Jenkins	300	—	31.3	10.4	8.6†
3389	Torday	219	−4	15.1	6.9	3.7†
3259	Twinlock Ord.	15¼	+1¼	0.8	5.5	2.9†
2075	Twinlock 12% ULS	76	—	12.0	15.8	—
6529	Unilock Holdings	50	+2	2.6	5.2	10.6
1012	Unilock Holdings New	46	+1	—	—	8.8
11875	Walter Alexander	94	+4	4.4	4.8	6.2
4984	W. S. Yeates	214	+4	12.1	5.7	3.5†

† Accounts prepared under provisions of SSAP 15.

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILÈS AND NICHOLAS COLCHESTER

Lush pastures for the bulls

THE BULLS are having a field day. The international bond pastures have not looked so lush for a long time and most indicators point to further price rises in the short-term.

Traders agree that the volume of turnover in the dollar sector during the past two days of the week was the largest this year, while new issue managers worked at a frenzied pace, floating almost $1bn last week.

Dollar bond prices rose by about two points with individual issues moving up more sharply. They were spurred by a further one percentage point cut in the U.S. Prime Rate, and comment from Dr. Henry Kaufman of Salomon Brothers that he was expecting the U.S. economic recession to be more severe than he has previously suggested. U.S. industrial output figures published on Friday showed a further 2.1 per cent drop in May after April's 2 per cent decline.

Many new issues on offer were increased in size and had their coupons cut. Morgan Stanley managed at once to increase the size of its Hudson's Bay Company offering by 50 per cent to $75m, cut the indicated coupon by ¼ per cent to 11¼ per cent and price the issue above par instead of the indicated 100. One dealer snapped: "Why didn't they change the name of the borrower as well?" However, whatever ill feeling there was, not one underwriter refused his allocation of bonds, according to the lead manager who was quoting the issue at 101-101¼ on Friday.

Another successful issue was that for the Mexican oil company, Pemex. An initial size of $75m was first agreed with the lead managers, Merrill Lynch and Swiss Bank Corporation.

A further $50m tap element was added in two stages which was disposed of before the end of the week. The good reception of this bond will certainly help to establish the name of Pemex.

The World Bank's second foray into the straight dollar market in less than a week with an issue offering a coupon below 10 per cent was well received. On Friday this 9¾ per cent bond was trading at a discount of ⅜ per cent below par.

The European Investment Bank, which had arranged an issue through Credit Suisse First Boston the week before last, came back to the market for more on Friday, again through CSFB. Though the terms look tight, a coupon of 9¾ per cent for seven years, the feeling in the market was that progress would be fair.

The $200m bond for Citicorp which was launched through Morgan Stanley on Thursday was increased to $300m on the following day: it offers the investor a coupon of 10 per cent for six years.

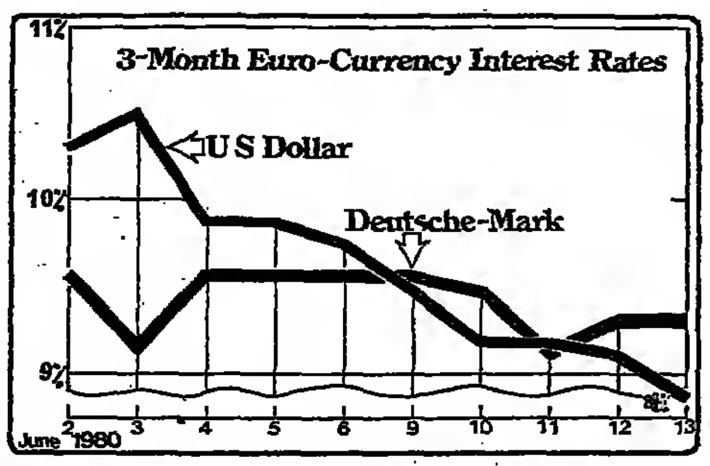
Bankers in the Deutsche Mark sector also had cause for cheer last week. Two new issues were launched, for Oesterreichische Krontrollbank and City of Kobe, while demand in the secondary market remained buoyant. During the last two trading days the buoyancy of the dollar sector spilled over into the Deutsche Mark sector, helped by the growing potential for a decline in long-term German rates later in the year.

German dealers also report a very keen interest from abroad, particularly the Middle East, in Schuldscheine notes.

Morgan Grenfell, the London merchant bank which has most assiduously set out to exploit the abolition of UK exchange controls, unveiled another novelty late last week—the first sterling denominated Japanese convertible bond. Together with Yamaichi Securities, the bank is bringing The Daiei, Japan's largest retailing group, to the London market for £20m. Key features of the convertible are the long maturity—15 years, placement almost exclusively with UK investing institutions, a total commission cost of 1¼ per cent against 2½ per cent had it been a Euro-issue, and a London Stock Exchange listing.

The coupon has been established at 8½ per cent, which compares with the 14 per cent which Daiei would have had to pay on a straight sterling issue. The attractions for borrower and investor are discussed in the Lex column (Back Page). The Japanese Ministry of Finance is both fully informed and fully in accord with the financing: Morgan Grenfell has risked no repeat of the fiasco with the Bundesbank over its famous D-mark placing in London for the European Investment Bank. And in any case, it is dealing here with its own currency and not with someone else's.

A steady flow of new issues continues in the Swiss franc sector, where the World Bank, in addition to its large dollar denominated bond issues, is expected to launch a SwFr 100m bond later this week.



CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡††Kingdom of Sweden	150	1990	10	10⅞	99¼	Salomon Bros.	10.994
‡††Kingdom of Sweden	100	2000	13.09	11⅝	99⅝	Salomon Bros.	11.749
‡Pemex	125	1988	6.73	11½	100	SBC, Merrill Lynch	11.500
‡Hudson's Bay Co.	75	1990	10	11½	101	Morgan Stanley	11.328
‡§Swiss Bank Corp. O'seas (Panama) Corp.	120	1990	10	6¼	100	SBC (Luxem.)	6.250
‡World Bank	300	1987	7	10¼	100	Paribas	10.250
‡World Bank	200	1985	5	9¾	100	Paribas	9.750
†ENEL	100	1987	7	5¼Φ	100	Daiwa Securities	5.319Φ
‡Citicorp O'seas Fin. Corp.	300	1986	6	10	100	Morgan Stanley	10.000
EDF (g'teed France)	125	1988	8	10	100	Credit Lyonnais, Goldman Sachs	10.000
Finnish Export Credit (g'teed Republic of Finland)	50	1985	5	10½	100	Morgan Stanley	10.500
EIB	100	1987	7	9¾	100	CSFB, Deutsche Bank	9.750
D-MARKS							
‡City of Kobe (g'teed Japan)	100	1990	10	8	100	Deutsche Bank	8.000
‡Oesterreichische Kontrollbank	150	1992	12	8¼	100	Dresdner Bank	8.250
FRENCH FRANCS							
‡SNCF (g'teed France)	550	1985	5	13⅛	100	CCF	13.125
SWISS FRANCS							
‡Asian Develop. Bank	80	1990	—	6¼	100	Credit Suisse	6.250
‡Central Finance Co. of Japan (g'teed Tokai Bank)	30	1985	—	6¼	100	Morgan Grenfell (Switz.)	6.219
‡**Transcanada Pipelines	100	1986	—	5¾	100	UBS	5.750
‡**Kingdom of Sweden	100	1987	—	6	100¼	Nordfinanz-Bank, Bank Scandinave en Suisse	5.932
‡NEWAG	80	1990	—	5¾	100¼	Credit Suisse	5.683
‡**Tsubakimoto Chain (g'teed Mitsui Bank)	20	1985	—	6	100	UBS	6.000
Kingdom of Denmark	80	1990	—	5¾	100	SBC	5.750
‡**Kotobukiya Co.	40	1985	—	6	100	Credit Suisse	6.000
STERLING							
§The Daiei	20	1995	15	8½	100	Morgan Grenfell, Yamaichi	8.500
CANADIAN DOLLARS							
Federal Business Development Bank	50	1990	10	11½	*	Wood Gundy	*
‡Canadian Imperial Bank of Commerce	60	1985	5	11½	100	Hambros, CIBC	11.500
YEN							
Republic of Finland	15bn.	1987	6	8¼	*	Daiwa Securities	*
Republic of Brazil	20bn.	1990	—	9.2	99.95	Nomura Securities	9.420

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund.
Note: Yields are calculated on AIBD basis.

CREDITS

BY PETER MONTAGNON

A dry market for liquid banks

THE VOLUME of business in the Eurocredit market fell to $24.38bn in the first five months of this year from $30.31bn in the same period of 1979, according to latest figures from Morgan Guaranty. After picking up to $8.14bn in April, publicly announced credits fell back again to $4.65bn in May.

A marked feature of the period was that borrowing by industrial countries increased to $11.22bn from $8.93bn in the first five months of 1979, while credits to developing countries fell to $12.22bn from $16.32bn. Lending to Communist countries slumped to $685m from $4.95bn.

This latter figure is heavily influenced by China, which raised $3.13bn in the first five months of 1979 and made no publicly announced credits in the same 1980 period. Borrowing by Eastern European countries was, however, also markedly lower in the wake of the Afghanistan crisis.

Among developing countries both Brazil and Mexico sharply reduced their borrowings. Brazil raised only $860m (compared with $2.34bn), while Mexico borrowed $1.72bn compared with $3.15bn. The most prolific industrial country borrowers were Italy with $2.38bn ($1.46bn) and Spain with $1.8bn ($1.6bn).

Overall the market thus remains very liquid and in many cases spreads are still lower than banks would like to see.

Among new deals to emerge last week was a further 10-year credit for an Argentinian borrower. The maritime authority, Elma, is raising $100m at a spread of ⅞ for the first three years and ¾ per cent for the remaining seven. BEC is agent for the deal, which thus carries similar terms to the recent borrowing by Aerolineas Argentinas.

Mexico's Commision Federal de Electricidad has awarded a mandate to WestLB to raise between $200m and $300m over ten years. The credit bears a somewhat unusual feature in that it embodies a de-escalating spread. For the first five years the borrower is paying a margin of ⅝ per cent over Libor; thereafter as the maturity is reduced the margin falls to ½ point.

The credit carries a grace period of five years and a management group will be formed this week.

The City of Madrid last week launched a $100m credit to be raised on a club basis through a small group of banks with Bank fuer Gemeinwirtschaft in Luxembourg acting as agent. The credit bears a guarantee by Spain's Instituto Credito Official. Margins have been set at ⅝ per cent over five years, rising to ¾ per cent for the remaining three. There is a five-year grace period.

The terms are thus somewhat stiffer for the borrower than those on Enher's $75m deal, which is now in general syndication. This attracted attention because the spread was set at a flat ⅝ per cent for 10 years, a long maturity in today's market conditions.

The managers have now altered their syndication strategy so that the part of the loan which is sold in syndication will have a maturity of only eight years. The repayment schedule has also been accelerated, but the spread has been left unchanged at ⅝ per cent.

The African Development Bank is raising FFr 650m over seven years with a spread of ⅜ per cent throughout. The financing is a standby credit with a commitment fee of ⅛. It is the largest syndicated credit ever raised in French francs. Lead managers are Credit Commercial de France and Credit Agricole, which have assembled a management group including 11 other international banks.

U.S. BONDS

BY IAN HARGREAVES

Taking heed of the crystal ball

THE YIELD on the Treasury's 30-year-bond plunged through the 10 per cent barrier last week, taking effective yields virtually to the point at which they stood on October 5, 1979, when the Federal Reserve launched the first of its two hammer blows against U.S. inflation.

This sharp drop—the peak was 12.5 per cent in late March—came in another week of frenetic business as almost $2bn of new issues came to the market promising to bring June close to matching the monthly new issues record set in May.

In short-term rates, there was similar drama, with three-month Treasury bills plunging to 8.20 per cent.

The prime, still a laggard and still out of touch with the rest of the market, nonetheless wandered lower from 13 to 12 per cent.

In some ways it was an odd conclusion to a week, towards the middle of which market watchers were wondering whether a day and a half of rising rates might not be about to destroy the rally. On Thursday, however, caution was swept aside, initially on the strength of the latest crystal ball gazing by Dr. Henry Kaufman, chief economist at Salomon Brothers, and later because the Fed weighed in with its second discount rate cut in not much more than a fortnight, taking the cost of Fed money to member banks down to 11 per cent.

Dr. Kaufman, having argued initially that the Fed's April medicine may not be strong enough to check inflationary expectations and having predicted a bumpy descent for rates, now sees short rates continuing to fall in the months ahead, a prime of under 10 per cent before the summer is out, a discount rate of 10 or less and the complete dismantling of the Fed's April credit restraint measures.

The Kaufman message, combined with the discount rate cut, put more than three points on to the price of bonds.

U.S. INTEREST RATES

	Week to June 13	Week to June 5
3-mnth Treasury bills	8.15	7.38
3-mnth Cert of Dep	8.30	8.60
Fed funds wkly av	8.71	10.40
Treasury 30-Year bond	9.47	10.05
Long-term AAA utility	9.88	11.000
Long-term AA ind	10.13	10.38

Source: Salomon Bros. estimates

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	94⅜	94⅞	+0½	+1⅛	10.87
Australian Res. 9⅝ 84	30	97⅞	98⅜	+1⅛	+2⅛	10.18
Beneficial Fin. 9¾ 87	100	95¼	95¾	+1⅛	+2⅛	10.60
CECA Grad. Rate 12 86	100	100	100¼	+0¼	+0¼	11.13
CECA 11⅝ 90	50	101	101½	+0¼	+1⅝	11.35
CECA 11½ 89	100	103¼	103¾	+0⅛	+2	10.81
Canadian Pacific 9¾ 89	50	94⅞	95⅜	+0⅛	+1⅝	10.62
Carter Hawley 9¾ 86	50	94¾	95¼	+0½	+1½	10.92
Continental Grp. 9⅝ 86	100	95	95½	−0⅛	+1⅛	10.73
Denmark 11¼ 90	100	101⅛	101⅝	+0⅛	+1⅛	11.46
Dome Petroleum 13½ 92	50	105½	106	+0⅞	+2	12.53
EIB 11⅛ 92	80	101⅛	101⅝	+0⅞	+1	11.50
EIB 13¼ 90	100	110⅜	110¾	+0½	+1⅝	11.88
Eksportfinans 11⅛ 87	50	102	102½	+0⅛	+1⅝	10.73
Export Dv. Cpn. 9¼ 84	150	98½	98⅞	+0¼	+1⅝	10.22
Export Dv. Cpn. 12¼ 87	100	107⅝	108⅛	+0⅛	+1½	11.03
European Comm. 11 95	75	98⅞	98⅞	0	+0⅞	11.22
Federal Dev. Bk. 12¼ 85	75	106	106½	+0⅛	+1⅛	10.56
Ford O/S Fin. 12⅛ 85	250	102½	102⅝	+0⅛	+0⅞	11.95
George Weston 13½ 87	30	*†102½	103	0	+0⅛	12.87
GTE Finance 9¾ 89	55	91½	91⅞	+0½	+1⅝	11.27
GMAC 9⅝ 86	100	94⅞	94⅝	+0⅛	+1½	10.56
GMAC O/S Fin. 11 84	100	101⅛	102¼	+0⅞	+1⅞	10.38
GMAC O/S Fin. 13½ 85	100	107½	108	+0½	+0⅞	11.19
Goodyear O/S 12½ 87	75	100⅜	100⅞	+0⅛	+1⅛	12.36
ICI Fin. Ned. 11 83	100	101⅛	102⅛	+0½	+0⅞	10.18
Kennecott Int. 9½ 86	100	88¾	89⅜	+0⅛	+1⅝	12.21
McGraw 13½ 85	75	103½	104	+0⅞	+1⅞	12.41
Michelin 10 94	125	93⅛	93⅞	+1⅛	+4⅛	10.81
Nat. Des. Telecm. 9½ 86	100	96⅝	97⅛	+1⅛	+2⅝	10.19
New Brunswick 9¾ 94	75	89⅞	90⅜	+0⅛	+1⅝	11.16
Newfoundland 10 94	50	91⅞	92⅜	0	+1⅛	11.13
Norway 9½ 84	150	98	98½	+0⅛	+1⅝	10.05
Norwest Ind. 13⅛ 87	50	102⅝	103⅛	+0⅛	+2⅝	12.95
Nova Scotia Pwr. 9¾ 89	50	94	94⅜	+1⅛	+2½	10.76
Royleasa Ltd. 11⅛ 85	50	102	102½	+0⅛	−0⅛	10.65
SNCF 12⅛ 85	50	107⅞	107⅞	+0⅛	+1⅞	10.31
Statoil 9⅝ 89	100	95⅝	95⅞	+0⅝	+3	10.38
Swed. Ex. Cred. 12⅛ 86	40	104½	104⅝	+0⅛	+1⅛	11.27
Sweden 9¾ 89	100	94⅛	94⅝	+0½	+1⅜	10.73
Sweden 9½ 84	100	98⅜	98⅝	+0⅞	+2	10.09
Warner-Lambert 9 84	100	96½	97	+0⅛	+1⅛	10.01
Average price changes... On day +0⅛ on week +1½						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	†102⅛	103	+0⅛	0	8.57
Asian Dev. Bank 10 90	200	109	109½	+0⅛	+0⅛	8.57
Australia 8¾ 90	250	101	101½	−0⅛	0	7.93
BFCE 7⅞ 87	100	99½	99¾	+0⅛	+0½	7.96
BFCE 8⅛ 95	100	98¾	99½	+0⅛	+0⅛	8.22
Brazil 8 87	150	92¾	93½	−0⅛	−2⅞	9.36
CECA 7 91	150	93½	94⅛	+0⅛	+2½	7.86
Council of Eur. 7¾ 89	100	94	94⅜	+0⅛	−0⅛	8.16
Denmark 7⅞ 86	100	†98	99	+0⅛	+1	8.20
Denmark 8⅛ 92	100	†99	100	0	+0⅛	8.31
EEC 7⅞ 84	225	98⅜	99	+0⅝	+0⅞	8.03
EIB 7½ 89	200	97⅜	98⅞	+0⅛	−0⅛	7.86
Finland Rep. of 8 86	150	98⅝	99⅛	+0⅛	+0½	8.24
Kobe, City of 7⅞ 89	150	95	95⅜	+0⅛	−0⅛	7.83
Neder. Gasunie 8 86	100	100⅞	101⅛	+0⅛	−0⅛	7.73
Norway 7½ 89	250	99¼	100	+0⅛	+0⅛	7.58
OKB 7⅞ 89	100	95⅝	96½	+0⅛	+0⅛	7.99
Oslo, City of 8¾ 90	80	101⅛	101⅝	−0½	−0½	8.51
Sweden 9¾ 87	200	*†106⅜	107	−0⅛	+0⅛	8.42
World Bank 7¾ 91	400	97½	98⅛	+0⅛	−0⅛	8.06
World Bank 7⅞ 90	250	98	98½	0	0	8.13
World Bank 10 88	150	107½	108½	+0¼	+0⅛	8.22
World Bank 10 90	200	109⅝	110	+0½	+0⅛	8.51
Average price changes... On day +0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 89	80	†95⅝	95⅞	0	−0⅛	6.18
Aumar 5 89	60	92½	93	0	−1	6.06
Bergen, City of 4¾ 91	40	†95½	96	0	−1	5.26
Bergen, City of 6 90	50	†102⅛	103⅛	0	−0⅛	5.90
BNOE 5 89	75	87⅝	89⅛	+0⅛	+0½	6.81
BMW Overseas 4¾ 91	100	92⅝	93½	+0⅛	0	5.09
Buhrm'n-Tetterode 7 90	40	106	105½	−0⅛	−0⅛	6.27
Caisse Nat. Tele. 4⅞ 89	100	94⅜	95⅛	−0⅛	0	5.07
CCCE 5¾ 90	100	101½	102	−0⅛	−1⅛	5.51
Copenhagen 4½ 91	60	90⅝	91⅛	+0⅛	+0⅛	5.61
Council of Eur. 5 89	100	95	95½	+0⅛	+0½	5.66
EIB 4½ 91	100	92	92½	0	−1⅛	5.45
EIB 4⅝ 94	100	88⅝	89⅛	+0⅛	+1⅛	5.52
Elec. de France 4⅞ 89	100	95⅝	96⅛	+0⅛	+0⅛	4.95
GZB 4⅞ 89	100	92	92½	+0½	+0½	5.32
Hilti 4½ 91	35	94	94½	+2½	+0½	4.92
Int.-Amer. Dev. 4¾ 89	100	93¾	93⅝	+1⅛	−0⅛	5.42
Int.-Amer. Dev. 7 90	80	106⅛	106⅝	−0⅛	−0⅛	6.10
Jutland Tele. 5½ 90	50	100⅜	100⅞	0	−0⅛	5.41
Malaysia 5 89	80	89½	90	−0½	−0⅛	6.49
Nippon Tel. & T. 4⅞ 89	100	95	95½	0	+0½	4.90
Nordic Bank 5 89	45	95⅝	96⅛	+0⅛	−1⅛	5.65
Norges Komm. 4¾ 91	100	92⅝	93⅛	−0⅛	+0⅛	5.21
OKB 4⅛ 91	100	92	92½	+1	+0½	5.30
OKB B 90	100	104	104½	−0⅛	+0⅛	5.43
Oslo, City of 4¾ 91	100	90⅝	90⅞	−0⅛	−1⅛	5.54
Shikoku El. Pwr. 4¾ 89	100	94½	95	+0½	−0⅛	5.49
Stavanger 4¾ 91	80	†98	98½	0	+0⅛	5.20
Voest-Alpine 4¾ 89	90	95⅛	96⅛	+0⅛	−1½	5.32
World Bank 4¾ 89	100	95	95½	−0½	−0⅛	5.29
World Bank 4¾ 89	150	92½	93	+0⅛	+0⅛	5.38
World Bank 4⅝ 91	100	92½	93	+0⅛	−0⅛	5.49
Average price changes... On day +0¼ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91½	92⅞	+0⅛	−0⅛	8.37
Australia 6½ 88	20	89⅛	90⅛	+0½	+0⅞	8.37
EIB 7⅛ 89	12	95	97	+0⅛	+1⅞	8.38
Finland 5.6 83	10	91⅜	92⅝	+0⅛	−0½	8.43
Finland 5.8 88	10	89½	90⅜	0	+0⅛	8.63

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	95¾	95⅞	+0⅛	+0⅞	11.74
CIBC 13½ 85 C$	50	104	104½	0	+0¼	12.28
Cr. Foncier 10¾ 84 C$	30	†92½	93½	0	+0¼	12.56
Fst. Can. Inv. 10 84 C$	50	95½	95¾	+0⅞	+1¾	11.52
[illegible] 12 85 C$	50	†100⅞	101½	+1¼	+2¼	11.76
Quebec 10¾ 86 C$	50	93	95	0	+1½	11.71
R. Bk. Canada 10 86 C$	40	94¼	94¾	+0¼	+0⅞	11.32
R. Bk. Canada 10 94 C$	40	88	88½	+0⅛	+0⅛	11.75
Tordom Cpn. 13½ 85 C$	30	104	104½	0	+0½	12.28
M. Bk. Dnmk. 9 91 EUA	25	94⅞	96½	0	0	9.65
SOFTE 8¾ 89 EUA	40	86¾	89	0	0	10.50
U. Bk. Nrwy. 9½ 90 EUA	18	88	99¼	0	+0⅛	9.71
Algemene Bk. 8¼ 84 Fl	75	95⅞	97⅛	0	−0⅛	9.07
Ned. Gasunie 8⅝ 84 Fl	50	98¾	99¼	0	−0⅛	9.09
Ned. Middbk. 8¾ 84 Fl	75	96	96½	0	−0⅛	9.45
Norway 8¾ 84 Fl	100	96¾	97¼	+0¼	−0⅛	9.21
Norway 8⅞ 84 Fl	100	97¾	97¾	0	+0⅛	8.95
Philips Lampe 8¾ 84 Fl	75	97	97½	0	−0½	9.15
Air France 11 84 FFr	120	95	95¾	+0¼	+0⅛	12.43
CECA 14¾ 86 FFr	150	104⅞	105¾	+0¼	+0⅛	12.94
Euratom 9¾ 87 FFr	150	84½	84⅞	−0¼	−0⅛	13.29
Finland 11 84 FFr	80	93⅞	94⅝	+0¼	−0⅛	12.76
Finland 11½ 88 FFr	70	92¼	92¾	0	0	12.90
Gaz de France 11 94 FFr	150	93⅞	94½	+0¼	−0⅛	12.74
IBM France 11¼ 84 FFr	120	97¾	98¾	+0¼	+1	12.43
Renault 9¾ 86 FFr	100	86½	87¾	+1½	+1	13.40
Saint-Gobain 9¾ 86 FFr	130	84⅞	85¾	+0¼	0	13.51
Solvay et Cie 9¾ 87 FFr	125	82¾	83⅞	+0¼	+0½	13.65
Beneficial Fin. 14¼ 90 £	20	89	89½	+0¼	+0½	14.38
Citicorp O/S 13½ 90 £	50	98⅞	98¾	0	+0⅛	13.78
FIB 11½ 91 £	25	91½	91⅞	+0¼	−0½	12.99
Fin. for Ind. 12½ 89 £	30	96¾	97½	+0½	−0⅛	13.13
Fin. for Ind. 14½ 88 £	20	101½	102¼	+0¼	+0¼	14.07
Gen. Elec. Co. 12½ 89 £	50	96⅞	97¾	+0⅛	−0¼	13.02
Swed. Ex. Cr. 15¼ 85 £	20	102⅞	103⅝	+0⅛	+0½	14.24
Indasasia 8¾ 91 KD	7	†93	93¼	0	0	9.77
Mitsubishi 7½ 84 KD	10	†92¼	93	0	0	9.74
Norges Kom. 7½ 89 KD	12	†93¼	93⅞	0	0	8.55
Occidental 8¾ 91 KD	7	†90¼	90¾	0	0	8.69
Akzo 9¾ 87 LuxFr	600	93¼	94¼	0	+0½	10.49
Euratom 8 87 LuxFr	600	88½	89½	+0¼	+1¼	10.32
Euratom 9¾ 89 LuxFr	500	97⅞	98⅞	+0⅛	+0½	10.04
[illegible] ¾ 88 LuxFr	600	97½	98¾	+0¼	+0¼	10.14
Volvo 9¾ 87 LuxFr	500	96⅝	97⅞	−0¼	−0½	10.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0⅛	98	98½	2/7	15⅞	15.39
Banca di Roma Int. 6 87	0⅛	100¼	100¾	25/10	15.31	15.24
Bank of Ireland 5¼ 89	‡0¼	98½	99	21/8	11.81	11.96
Bank of Tokyo 5¼ 89	‡0¼	98	98½	25/10	18.56	18.86
Barclays O/B Inv. 5 90	0¼	98	98½	13/12	9⅛	8.80
Bergen Bk. A/S 6 89	‡0⅛	97¼	97¾	29/8	10	10.27
Bque. Indo Suez 5¼ 89	0¼	98¾	99¼	11/7	14.69	14.84
Citicorp O/S F. B 84	‡0¼	98¾	98⅞	8/9	10⅛	10.27
Citicorp O/S F. 89	§‡0	98½	99⅝	23/8	10.19	10.25
Citicorp O/S F. 84	‡0	98⅝	98⅞	30/8	9.81	9.95
C. Itoh 5¼ 87	0⅛	101⅛	101½	18/9	19.44	19.17
Co-operative Bk. B 86	0⅛	98¼	99	19/11	11.44	11.58
Creditanstalt 5½ 91	§‡0¼	97⅝	98⅛	14/8	18.44	18.84
CNT 5¼ 89	§0¼	101¼	102¼	18/10	18⅛	17.77
GZB 5½ 89	‡0¼	98⅝	99¼	1/8	15¼	15.42
Jugobanka 8 89	0⅞	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¼ 87	0¼	101½	102	15/10	18⅜	18.43
LTCB Japan 5¼ 86	0¼	98⅝	99¼	13/12	9½	9.73
LTCB Japan 5½ 89	0¼	98¾	98⅞	7/12	10⅛	10.27
Mfrs. Han. O/S 5¼ 94	‡0⅛	98	98½	31/8	9⅞	10.05
Midland Intl. Fin. 5 89	0¼	99¾	100¼	20/6	16	15.00
Midland Intl. Fin. 5¼ 92	0¼	89	99½	5/12	10⅞	10.96
Nacional Fin. 6¼ 88	0¼	98½	98⅞	25/7	14.89	14.89
Nat. West. 5¼ 84	§0¼	101½	102	11/18	18⅛	18.30
Nippon Credit 6½ 88	0¼	97½	98¼	12/7	14.44	14.73
Nippon Credit 5¼ 87	‡0¼	98	98½	6/8	14½	14.63
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅞	99¼	11/7	19½	15.67
Soc. C. de Bque. 6½ 87	0⅛	101½	101¾	3/10	20.06	19.79
Sogenal 5¾ 89	§0¼	98¼	98¾	13/7	14.44	14.66
Standard Chart. 5¼ 90	0¼	101¼	102	8/9	17⅜	18.95
Sweden 8¼ 91	‡0¼	†97¼	97¾	18/10	18⅝	19.10
Williams & Glyn 5¼ 91	0⅛	101	101¼	14/9	18½	18.27
Bq. E. d'Alg. 4¼ 89 SF	0¼	†85	86	18/8	6.69	7.82
Average price changes... On day +0⅛ on week +0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†117½	118½	+0½	−7.58
Ajinomoto 7¾ 95	2/80	615.5	†108	109	+1½	−0.36
Alco Int. Fin. 9½ 94	1/80	40	†95	96½	+3	39.27
Apache I. Fin. 8¼ 95	12/80	31.88	†114	115½	−1	48.42
Asahi Optical 7 94	11/79	526.1	†101	102	+2	0.84
Canon 6¾ 94	8/79	570	111	112	+1	−1.70
Credit Suisse 4¾ 93	10/79	1278	101½	103½	+0¼	−2.42
Daiei Inc. 6½ 94	11/79	927.3	97⅞	98⅞	+0¼	21.45
DOKK 11 90	4/80	324	†114¼	115¼	−1	13.20
Dynalectron 9½ 95	8/80	12.22	†105	106½	+0¼	−0.80
Enserch Fin. 9½ 94	7/80	30.25	†112½	113½	−0¼	8.85
LPC Internatnl. 8 89	9/79	23.33	†100	100½	+1	23.10
Maidenrahe Elec. 7 94	12/79	210	†100¼	101¼	+0¼	10.75
Mitsubishi Cp. 5¾ 94	10/79	549.1	130¼	131¼	0	3.57
Nippon Seiko 7¾ 94	12/79	339	†115¼	116¼	+0¼	4.71
Nitto Elec. Ind. 6 94	7/79	735	†81½	83	−1	2.85
Toshiba Cpn. 7¾ 94	10/79	198	101¼	102¼	+1	−1.15
Union Bk. Switz. 5 89	2/80	121.4	97	99	0	1.74
Fujitsu 5 84 DM	7/79	475	100⅞	101¼	−0½	7.78
Kansai Elec. 4 84 DM	4/79	1234	†86½	87½	0	38.55
Uny Co. 6½ 85 DM	11/79	1071	94⅞	95¾	+0¼	26.46
Average price changes... On day +0¼ on week +0½						

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BONDTRADE INDEX AND YIELD

	Medium term		Long term	
June 13 ...	93.10	9.76	82.20	10.85
June 6 ...	92.21	10.11	81.74	11.04
High '80...	93.10 (13/6)		89.18 (2/1)	
Low '80 ...	86.32 (2/4)		71.54 (29/2)	

EUROBOND TURNOVER
(nominal value in $m)

U.S.$ bonds	Cedel	Euroclear
Last week	967.6	3,243.4
Previous week	1,256.6	3,474.5
Other bonds		
Last week	223.6	388.0
Previous week	403.3	442.9

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on June 13

This announcement appears as a matter of record only

April 1980

SNCF

Société Nationale des Chemins de fer Français

US$ 50,000,000

12⅞% Guaranteed Notes Due 1985

Convertible at the option of the holder until 1985 into

10⅞% Guaranteed Debentures Due 1995

Unconditionally guaranteed by

The Republic of France

Continental Illinois Limited

Banque de Paris et des Pays-Bas

Caisse des Dépôts et Consignations

Crédit Lyonnais

Goldman Sachs International Corp.

Morgan Stanley International

Orion Bank Limited

Swiss Bank Corporation (Overseas) Limited

Algemene Bank Nederland N.V. — A. E. Ames & Co. Limited — Banca Commerciale Italiana
Bank of America International Limited — Bank Leumi (UK) Limited — Bankers Trust International Limited
Banque Bruxelles Lambert S.A. — Banque Louis-Dreyfus — Banque de l'Union Européene — Banque Nationale de Paris
Bank of Tokyo International Limited — Barclays Bank International Limited — Bayerische Landesbank Girozentrale
Berliner Handels- und Frankfurter Bank — Cazenove & Co. — Chase Manhattan Limited
Chemical Bank International Group — Citicorp International Group — Continental Bank S.A.
Continental Illinois Bank (Switzerland) — County Bank Limited — Creditanstalt-Bankverein
Crédit Industriel et Commercial — Credit Suisse First Boston Limited — Daiwa Europe N.V.
DG BANK Deutsche Genossenschaftsbank — Dominion Securities Limited — Dresdner Bank Aktiengesellschaft
European Banking Company Limited — Girozentrale und Bank der Österreichische Sparkassen Aktiengesellschaft
Hill Samuel & Co. Limited — IBJ International Limited — Istituto Bancario San Paolo di Torino — Kleinwort, Benson Limited
Kredietbank N.V. — Kredietbank S.A. Luxembourgeoise — Kuhn Loeb Lehman Brothers International Inc.
Lazard Brothers & Co., Limited — Lloyds Bank International Limited — LTCB International Limited
Manufacturers Hanover Limited — Merrill Lynch International & Co. — Mitsubishi Bank (Europe) S.A.
Samuel Montagu & Co. Limited — Morgan Grenfell & Co. Limited — Morgan Guaranty Ltd.
The National Commercial Bank (Saudi Arabia) — Nesbitt, Thomson Limited (London) — The Nikko Securities Co., (Europe) Ltd.
Nippon European Bank S.A. — Nomura Europe N.V. — Pitfield Mackay Ross Limited
Richardson Securities of Canada (U.K.) Limited — N.M. Rothschild & Sons Limited — The Royal Bank of Canada (London) Limited
Salomon Brothers International — J. Henry Schroder Wagg & Co. Limited — Société Générale — Société Générale de Banque S.A.
Sodltic S.A. — S. G. Warburg & Co. Ltd. — Wood Gundy Limited — Yamaichi International (Europe) Limited

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Solid Waste Congress and Exhibition (01-580 5324) (until June 20)	Wembley Conference Centre
June 24	Iotel Microcomputer Fair (0793 26101)	Wembley Conference Centre
June 25-28	CATCH 80—Aberdeen International Fisheries, Processing and Marine Equipment Exhibition (01-353 4885)	Aberdeen
July 1-3	Energy Show (01-837 3636)	Conard International Hotel, W
July 1-3	Temperature Measurement and Control Exhibition an Conference (0822 4671)	Wembley Conference Centre
July 6-10	Autumn 80 Lightshow (02488 396)	NEC, Birmingham
July 8-10	Great Yorkshire Agricultural Show (0423 61536)	Harrogate
July 9-6	Royal Tournament (01-930 6009)	Earls Court
July 11-20	Taste of Asia Exhibition (01-272 4287)	Olympia
July 15-16	Exhibition and Conference on Micro Technology—MICROFAX (061-236 4612)	Manchester
July 18-20	Motor Cycle Show (0384 56348)	Chester
July 22-24	Microcomputer Show (0895 39262)	Wembley Conference Centre
Aug. 1-4	Scottish Furniture Trades Exhibition (041 649 1954)	Kelvin Hall, Glasgow
Aug. 3-7	International Gifts Fair (01-855 9201)	Olympia
Aug. 11-13	Computer Graphics Exhibition (0895 39262)	Metropole Hotel, Birmingham
Aug. 14-25	Ideal Home and Leisure Exhibition (0202 20327)	Newcastle University

OVERSEAS TRADE FAIRS AND EXHIBITIONS

June 19-22	Advanced Communications Exhibition — EURO-COMM 80 (01540 1101)	Copenhagen
June 23-26	Solar Energy Exhibition	Genoa
June 23-26	World Frozen Food Exhibition (01-629 8817	Monte Carlo
June 24-27	ASEE Educational Resources Exhibition (01-437 0678)	Massachusetts
June 28-July 4 ...	International Solar Forum (02013 4450)	Hamburg
June 28-July 6 ...	International Welding Exhibition (01-278 0281)	Brno
July 1-4	Motor Show, Components and Accessories Exhibition	Braga
July 1-4	Latin American Oil Show (01-222 0466)	Rio de Janeiro
July 2-6	Audio Visual Exhibition AUVI (021-705 6707)	Singapore
July 7-11	International Training and Educational Symposium and Exhibition—INSTRUCTA (01-486 1951)	Johannesburg
July 11-17	National Boat Show	Melbourne
July 16-24	International Photogrammetry Trade Exhibition	Hamburg
July 26-Aug. 3 ...	Trade Fair	Dornbirn

BUSINESS AND MANAGEMENT CONFERENCES

June 17	Eurex: Information, trading and confirmation system for Eurobonds (01-628 8787)	Great Eastern Hotel, EC2
June 17-18	ASM: Curreot Cost Bndgetary Control (01-385 1992)	Europa Hotel, W1
June 17-18	Inst. Mech. E: Progress Towards Safer Passenger Cars in the UK (01-222 7899)	
June 18-19	FT Conference: The European Offshore in the 1980s (01-621 1355)	Westminster, W1
June 24	Oyez: Pensions in the private sector (01-242 2481)	Grosvenor House, W1
June 25-27	Monotype International: Typographical Quality and Modern Technology are Compatible (91 65959)	Queens College, Cambridge
June 26-27	AMR: Banking and Finance in the Middle East (01-262 2732)	London Press Centre, EC4
July 1	Spicer and Pegler: The office of the 80s (01-283 2683)	Great Eastern Hotel, EC2
July 3	CCC: Use of Offshore Financial Centres—Cyprus (01222 6362)	Royal Lancaster Hotel, W2
July 4	ESC: The Companies Act 1980 (01-262 1234)	Cumberland Hotel, W1
July 6-11	University of Bradford Management Centre: Sales Management (Bradford 42299)	Heaton Mount, Bradford
July 7-11	Institute of Personnel Management: The Work of The Personnel Department (01-387 2844)	Embassy Hotel, W2
July 8	BIM: Micros—The real costs and how to fund them (01-405 3456)	Mount Royal Hotel, W1
July 9	Institute of Chartered Secretaries: The Companies Act 1980 in Practice (01-235 9906)	London Press Centre
July 9-10	The Plastics and Rubber Institute: Plastics on the Road (01-245 9555)	Kenilworth
July 11	ESC: Norwegian Taxation: A specialist conference for the oil and gas industry (057 282 2711)	Carlton Tower Hotel, SW1
July 14-18	ASM: Inventory Control and the Microcomputer (01-385 1992)	Pembroke College, Oxford
July 14-25	FT Course: Financial Management for the non-financial executive (01-621 1355)	The City University
July 15	Oyez IBC: Estate Agents' Remuneration—Sell a Property and get no commission? (01-242 2481)	Duchess Mews, W1
July 16	LCCI: Iraq (01-248 4444)	Cannon Street, EC4
July 17	Oyez-IBC: How to Cope with Personnel Problems (01-242 2481)	Cavendish Conference Centre, W1
July 17-18	Brunel Institute: Inter-Personal Effectiveness Workshop (0895 56461)	Uxbridge
July 20-25	Oyez-IBC: The Language of the Law (01-242 2481)	Lady Margaret Hall, Oxford
July 22-24	The Institution of Civil Engineers: Flood Studies Report—5 years On (01 222 7772)	University of Manchester
July 22-23	Online: Microelectronic Applications (09274 28211)	Wembley Conference Centre
July 22-23	University of Bradford Management Centre: The Causes and Symptoms of Company Failure (Bradford 42299)	Heaton Mount, Bradford

This week in Parliament

TODAY

COMMONS. Debate on the Brandt Commission report.

LORDS. Social Security (No. 2) Bill, committee stage. Gas Bill, second reading.

SELECT COMMITTEE. Public Accounts. Subject: skill centres; control of special programmes. Witnesses: Employment Department, Manpower Services Commission (Room 16, 4 pm).

TOMORROW

COMMONS. Coal Industry Bill, second reading. Motions on the Redundant Mineworkers and Concessionary Coal (Payments Scheme) (Amendment No. 2) Order, International Development Association (Sixth Replenishment) Order and European Communities (Definition of Treaties) (Second ACP-EEC Convention of Lome) Order.

LORDS. Debate on the European Communities Committee report on powered industrial trucks. Social Security (No. 2) Bill, committee stage.

SELECT COMMITTEES. Defence. Subject: D-notice system. Witnesses: Rear-Admiral W. N. Ash (Secretary) and Mr. Windsor Clark (Vice-Chairman) Defence Press and Broadcasting Committee (Room 8, 10.30 am). Foreign Affairs. Overseas Development Sub-Committee. Subject: development divisions of the Overseas Development Administration. Witnesses: Overseas Development Administration (Room 15, 5.30 pm). Transport. Subject: Channel link. Witnesses: European Ferries (Room 17, 6 pm).

WEDNESDAY

COMMONS. Debate on Ferranti. Opposed private business will be taken at 7 pm. Afterwards, consideration of Lords Amendments to the Industry Bill.

LORDS. Debate on the principle of comparability in wage settlements. Coroners Bill, second reading. Licensing (Amendment) (No. 2) Bill, report stage. Debate on the future of the Development Commission.

SELECT COMMITTEES. Foreign Affairs. Subject: effects of British foreign policy on Soviet expansion in Afghanistan. Witness: Lord Home of the Hirsel (Room 15, 10.30 am). Energy. Subject: Government's statement on the nuclear power programme. Witnesses: Mr. Anthony Wedgwood Benn, Friends of the Earth (Room 8, 10.45 am). Industry and Trade. Subject: import and export trade. Witnesses: National Enterprise Board, Dunlop (Room 16, 10.45 am). Public Accounts. Subject (1): disposal of Effra site, Vauxhall; (2): installation facilities. Witnesses (1): Property Services Agency; (2): Scottish Development Department (Room 16, 4 pm). Transport. Subject: Channel link. Witnesses: Eurobridge Project Room 17, 4.15 pm). Treasury and Civil Service Sub-Committee. Subject: role and powers of the Civil Service Department. Witness: Sir Robert Armstrong.

THURSDAY

COMMONS. Debate on the Royal Navy. Motion on the Pool Competitions Act 1971 (Continuance) Order.

FRIDAY

COMMONS. Debate on the West Midlands.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerne are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Allied Plant. Royal Station Hotel, York. 12.00
Costain Group. Goldsmith's Hall Foster Lane, EC. 12.00
Early (Charles) and Marriott (Witney). Burford Road, Witney, Oxfordshire, 2.30
Edinburgh Inv. Tst., 5, Charlotte Sq., Edinburgh, 12.30
Executex Clothes, Queens Hotel City Sq., Leeds, 11.30
Firmin, Globe Works, New Town Row Birmingham, 12.15
Hammerson Prop. and Invst. Tst., 100 Park Lane, W. 12.00
Hunting Gibson, Avenfield House, 118-127, Park Lane, W. 12.30
London Pavilion, Café Royal, Regent Street W. 12.00
Oxley Printing, 53 Conduit Street, W. 12.00
Simon Engineering, Bird Hall Lane, Cheadle Heath, Stockport, 12.00

BOARD MEETINGS—
Chamberlain Phipps
Craig & Rose
Dawson International
Ferguson Industrial
Fortnam & Mason
Hambros
Leaney Products
M. K. Electric
National Carbonising
Norwest Holst
W.G.I.

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corp. Variable Bds. Red. 10/6/83 £8.5875. Variable Rate Bds. 10/6/83 £8.5875
Antigua 5pc 77-80
Australian Agricultural 25cts (incl. 10cts special dividend)
Compagnie Financiere De Suez 1.21p
Cummins Engine 45cts
Dover Corp. 21½cts
East Africa High Commission (Rlys. & Harbour) 5¾pc 77-83 2⅞pc. (Post & Telecommunications) 5¾pc 77-83 2⅞pc
English Electric Deb. 2¾pc (72-82)
Firmin 2p
Hammerson Property & Invest. Tst. Ord. & A 12p
Honeywell Inc. 65cts
Investors Capital Tst. 5¾pcPf. 1.8375pc
Laird Ord. Units 1.7p
Laporte 5.25p
Leicester Floating Rate 1982 £8.5625
London Pavilion Ord. 12.5p
London United Invests. 5p
Morris & Blakey Wall Papers A Non.Vtg. Ord. 0.225p
Newcastle & Gateshead Water 3.5pc (fmly. 5pc) Cons. Pf. 1.75pc. 2.45pc (fmly. 2½pc) Perp. Pf. 1.225pc. 3.5pc (fmly. 5pc) Red. Pf. 80-81 1.75pc. 4.025pc (fmly. 5¾pc) Red. Pf. 82-84 2.0125pc
North British Canadian Inv. 2.75p
Ovenstone Inv. 1.5cts
Rio de Janeiro (State of) 7pcStg.Ln. of 1927 Plan A 2¼pc
St. Lawrence & Ottawa Railway 4pcStg. 1stMort.Bds. 2pc
Schlesinger Gilt Fund Ptg. Pf. 0.6875p
Stanley (A. G.) 1.5p
Sumner (Francis) 0.1p
United Biscuits Ln. 2⅝pc
Watts, Blake, Bearne 2.3p
Wilkinson Warburton 4.35p
Yarrow 2.5p

TOMORROW

COMPANY MEETINGS—
Atlas Elect. & General, Winchester House, London Wall, EC. 12.00
Bowthorpe, Gatwick Road, Crawley, West Sussex 12.00
Deport, Midland Hotel, New Street Birmingham, 12.30
Emray, 61, Grosvenor Street, W. 10.00
Estates Duties Inv. Tst., Skinners Hall, Dowgate Hill, EC. 12.15
Holt (Joseph), Woodthorpe Hotel, Berry Old Road, Prestwich, Manchester, 11.30
Lamont North British Hotel Princes Street, Edinburgh, 10.45
Midland Inds., Mount Hotel, Mount Road, Tettenhall Wood, Wolverhampton, 12.00
North (M. F.), Stanhope Court Hotel, Stanhope Gardens, S.W., 2.30.
Runciman (Walter), 52, Leadenhall Street, EC. 12.00
Tarmac, Hyde Park Hotel Knightsbridge SW. 12.00
Waverley Cameron, 23, Blair Street, Edinburgh, 12.00

BOARD MEETINGS—
Finals:
Bradford Property Tst.
Brotherhood (Peter)
GEI International
Nothern Goldsmiths
Property & Reversionary Invst.
Robertson Foods
Sound Diffusion
Westbrick Products
Interims:
Throgmorton Trust

DIVIDEND & INTEREST PAYMENTS—
Estates Duties Inv. Tst. 1.5p
Executex Clothes 1.485p
Tronoh Mines Malaysia 30sen.SM
Waverley Cameron 15p

WEDNESDAY JUNE 18

COMPANY MEETINGS—
Boosey & Hawkes, Café Royal, Regent Street, W. 12.00
British-Borneo Petroleum, Winchester House, London Wall, 12.00
Brixton Estates, 22-24 Ely Place, EC 12.15
Camrex, Gt. Eastern Hotel, Liverpool Street, EC. 12.00
City of Oxford Inv. Tst., 41, Bishopsgate, EC. 12.00
Glynwed, Headland House, Sheldon, Birmingham, 3.00
Hawker Siddeley, The Dorchester Hotel Park Lane, 12.00
London & Lennox Inv. 2, St. Mary Axe, EC. 11.30
Minty, Horspath Industrial Estate, Cowley, Oxford. 12.00
Seccombe Marshall & Campion, 7, Birchin Lane, EC. 3.30
Securities Trust of Scotland, 29, Charlotte Sq., Edinburgh, 12.00
Shaw (Francis), Corbett St., Manchester, 12.00
Shiloh Spinners Holden Fold, Royton, 11.30
Sunderland & South Shields Water, 29, John Street, Sunderland, 12.00
Wiggins Teape, Gateway House, Basing View, Basingstoke, Hants, 12.45

BOARD MEETINGS—
Finals:
Alliance Invst.
Ariel Industries
Bell & Sime
Bisichi Tin
Brownlee
James (Maurice) Industries
Johnson Matthey
Tesco Stores
Tranwood
Triplex Foundries
Wassell (J. W.)
Interims:
Anglia Television
Duple International
Kitchen (Rob. Taylor)
Scottish American Invst.
Westland Aircraft

DIVIDEND & INTEREST PAYMENTS—
Coventry 13½pc Red. 1980 6¾pc
Davis (Godfrey) 3.5p
Holt (Joseph) 4p
Leadenhall Sterling Ord. Units 1.875p
North (M. F.) 0.675p

THURSDAY JUNE 19

COMPANY MEETINGS—
Beralt Tin & Wolfram, Winchester House London Wall, EC. 12.00
Boustead, Westbury Hotel, New Bond Street, W 12.00
Bulmer & Lumb, Victoria Hotel, Bradford, 3.30
Garner Scotblair, The Grange, Grange Road, SE. 2.30
General Scottish Trust, 4, Melville Cres., Edinburgh, 11.00
Grampian TV, TV Studios, Queens Cross, Aberdeen, 12.30
House of Fraser Merchants House, 30, George Sq., Glasgow, 12.00
Heal & Sons, 196, Tottenham Court Road, WC. 2.00
Hyman (I. & J.) Queens Hotel, Leeds, 12.00
Industrial & General Trust, Winchester House, London Wall, EC. 12.45
L.K. Inds., Empire House, 123, Kennington Road, SE. 12.00
Laing (John), Dacorum District Council Pavilion, Marlowes, Hemel Hempstead, Herts. 2.15
1928 Inv. Tst., 1, Brewers Green Buckingham Gate, SW. 3.00
Scottish Mortgage Tst., 3, Glenfinlas Street, Edinburgh, 10.30
Stephen (Alexander), Linthouse, Govan Glasgow, 12.00
Williams (Ben.), 219, Bow Road, E. 12.00
Yorklyde Moorbrook Mills, New Mill, Huddersfield, 11.30

BOARD MEETINGS—
Finals:
Baker Perkins
Braby Leslie
British Steam Specialities
Brown Shipley
Butterfield Harvey
Continental & General Trust
Dominion & General Tst.
E.R.F
Elswick-Hopper
Hargreaves
Northern Secs. Tst.
Pauls & Whites
Racal Electronics
Tunnel Holdings
Interims:
Berisford (S. & W.)
Charter Tst. & Agency
Dundee & London Invst. Tst.
English China Clays
Lee (Arthur)

DIVIDEND & INTEREST PAYMENTS—
Automotive Products 1.67788p
Exchequer 3pc 1984 1½pc
Higsons Brewery 0.4p
Hurst (Charles) 3.3p
Laing (John) Ord. & A 1.875p
Maple 1.25p
Shiloh Spinners 1.0769p
Travis & Arnold 6p
Yorklyde 13.5

FRIDAY JUNE 20

COMPANY MEETINGS—
BAT Inds., St. Johns Smith Sq., Westminster, SW. 12.00
Coats Patons, Merchants Hall 30, George Sq., Glasgow, 12.00
Dollar Land, Winchester House, London Wall, EC. 12.00
East Surrey Water, London Road, Redhill, Surrey, 10.30
Evered, Birmingham Chamber of Industry and Commerce, 75, Harborne Rd., Birmingham, 12.00
Macdonald Martin Distilleries, Queens Dock Leith Edinburgh, 12.00
Pritchard Services, The Dorchester Hotel, Park Lane, 12.00

BOARD MEETINGS—
Finals:
British Tar Products
Dorrington Investments
Finance & Industrial Tst.
Lloyd (F. H.)
Wedgwood
Interims:
Bluemel Bros.
Brunner Invst. Tst.
Grange Tst.
Nash (J. F.) Securities
Raeburn Invst. Tst.
Record Ridgway

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Tst. 2p
BPC Debs. 3¼ 3½ 3¾ 4½pc
Boosey & Hawkes 3.757p
Camrex 2.38p
East Surrey Water Ord. A 7pc (fmly. 10pc) max. 3.5pc. Ord. B 4.9pc (fmly. 7pc) max. 2.45pc. Ord. E 3.5pc (fmly. 5pc) max. 1.75pc. 3.5pc (fmly. 5pc) Pf. 1.75pc. 3.15pc (fmly. 4½pc) Red. Pf. 80/85 1.575pc. 4.2pc (fmly. 6pc) Red. Pf. 85-90 2.1pc. 4.55pc (fmly. 6½pc) Red. Pf. 81-83 2.275pc. 5.6pc (fmly. 8pc) Red. Pf. 92-94 2.8pc
Edinburgh Inv. Tst. 1.4p
Essex Water Debs. 2 (perp.), 2½ (80-82), 2¼ (80-81), 2½ (perp.), 2½ (86-91), 2⅞, 3, 3¼, 3½ (86-88), 3½pc
Evered 0.25p
Finance for Industry 14pcUns.Ln. 1975 7pc
Gordon (Luis) 1.5p
Grampian Television A Ord. 1.47p
Haden Carrier 6.75p
Hyman (I. J.) 0.8364p
Industrial & General Tst. 1.65p
M. & G. Recovery Fund Income Units 0.6p
Massmutual Mortgage & Realty Investors 39cts
Midland Intnl. Financial Services Flg. Rate Notes 1989 US$881.25
Nathan (B. & I.) 2.6p
Porto Alegre (C. of) (State of Rio Grande Do Sul) (Stlg.) Gtd. 5pc Gold Bds. (Plan A 1½pc) 2½pc
Royal Dutch Petroleum (Reg.)
Saker Finance & Inv. Pf. 2¼pc
Scottish National Tst. Ord. Units 1.35p. 6pcPf. 2.1pc
Standard Telephones & Cables 6p
Westpool Inv. 3.6p

SATURDAY JUNE 21

DIVIDEND & INTEREST PAYMENT—
Newarthill 6p

SUNDAY JUNE 22

DIVIDEND & INTEREST PAYMENT—
BPC Lns. 3¼ 4¼ 4⅝pc

Financial Times Conferences

AEROSPACE INTO THE EIGHTIES AND BEYOND
London—August 26, 27 and 28, 1980

Mr. D. J. Pepper, Vice Chairman, Rolls-Royce Limited and Mr. Roger Beteille, Managing Director, Airbus Industrie, have agreed to participate in the forum on the "European Aerospace Industry in the Next 20 Years." Other panel members will be Dr. Austin W. Pearce, Chairman, British Aerospace, Professor Dipl. Ing. Gero Madelung, Managing Director, Messerschmitt-Bolkow-Blohm GmbH and Mr. Jean Sollier, Vice President, Finance and Planning, SNECMA.

THE NEW SRI LANKA—OPPORTUNITIES FOR BUSINESS
Colombo—September 4 and 5, 1980

Dr. W. M. Tillakaratna, Secretary, Ministry of Finance and Planning, Sri Lanka and Mr. P. Chanmugam, Chairman, Foreign Investment Advisory Committee will be discussing the priorities for the development and incentives for investment and Mr. John Boyer, Deputy Chairman, The Hong Kong and Shanghai Banking Corporation, will be examining the outlook for investment banking.

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WORLD STOCK MARKETS

Indices

NEW YORK —DOW JONES

	June 13	June 12	June 11	June 10	June 9	June 6	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆ Industr'ls	878.57	872.01	872.70	868.98	860.67	861.52	883.94 (13/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/1/32)
N'me B'nds	74.81	74.16	75.97	75.81	75.47	75.22	74.81 (13/6)	66.87 (28/3)	—	—
Transport	277.75	277.10	278.24	279.88	277.75	276.08	305.88 (8/2)	255.98 (27/3)	305.88 (8/2/80)	12.23 (8/7/32)
Utilities	113.77	113.09	112.96	111.51	110.92	110.06	113.77 (13/6)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	41,880	47,300	45,880	42,080	56,829	37,250	—	—	—	—

◆ Day's high 883.86 low 836.81

	June 6	May 30	May 23	Year ago (approx)
Ind. div. yield %	6.13	6.18	7.10	6.07

STANDARD AND POORS

	June 13	June 12	June 11	June 10	June 9	June 6	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	130.77	129.88	130.68	129.00	127.97	127.57	134.47 (13/2)	111.09 (27/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	116.81	116.52	116.02	114.66	113.71	113.20	118.44 (10/2)	98.22 (13/3)	125.85 (11/1/73)	4.40 (1/6/32)

	June 11	June 4	May 28	Year ago (approx)
Ind. div. yield %	6.12	5.28	5.60	5.24
Ind. P/E Ratio	7.75	7.52	7.77	7.90
Long Gov. Bond Yield	9.75	10.11	10.16	8.81

N.Y.S.E. ALL COMMON

June 13	June 12	June 11	June 10	1980 High	1980 Low
65.13	65.92	65.17	60.43	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 13	June 12	June 11
Issues Traded	1,920	1,909	1,925
Rises	1,089	688	976
Falls	477	832	837
Unchanged	354	382	398
New Highs	—	70	81
New Lows	—	1	—

MONTREAL

	June 13	June 12	June 11	June 10	1980 High	1980 Low
Industrial	373.45	372.30	374.60	368.54	425.80 (29/2)	325.21 (27/3)
Combined	345.94	347.42	349.72	344.87	378.80 (29/2)	286.80 (27/3)
TORONTO Composite	2051.1	2048.8	2040.2	2026.7	2192.8 (29/2)	1702.5 (27/3)

	June 13	June 12	June 11	June 10	1980 High	1980 Low
AUSTRALIA Sydney All Ord. (1/1/80)	878.55	871.45	865.49	869.69	947.47 (14/2)	760.80 (2/1)
Metals & Mins. (1/1/80)	5444.52	—	5408.82	5485.82	6666.95 (14/2)	4581.28 (28/3)
AUSTRIA Credit Aktien (2/1/62)	67.20	67.27	61.03	67.15	69.40 (7/1)	67.03 (11/6)
BELGIUM Belgian SE (31/12/63)	96.85	96.82	96.61	96.43	105.75 (11/2)	90.14 (31/3)
DENMARK Copenhagen SE (1/1/73)	79.12	79.55	79.59	79.11	98.74 (2/1)	74.79 (6/6)
FRANCE CAC General (29/12/61)	110.20	116.0	109.8	109.9	117.80 (22/6)	97.1 (6/1)
Ind Tendance (29/12/79)	107.80	107.8	107.0	106.7	109.70 (18/2)	95.60 (6/1)
GERMANY FAZ-Aktien 31/12/58	228.91	(u)	224.18	224.41	258.89 (25/2)	212.76 (28/3)
Commerzbank (Dec. 1953)	119.80	708.8	705.5	705.8	748.2 (25/2)	667.0 (27/3)
HOLLAND ANP-CBS General (1970)	85.1	85.5	85.3	75.8	87.0 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	65.5	65.8	66.2	66.6	68.2 (11/1)	58.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	969.18	971.30	951.99	955.94	971.30 (12/6)	768.6 (16/3)
ITALY Banca Comm. Ital (1972)	101.71	102.08	101.62	108.30	210.88 (12/6)	85.11 (2/1)
JAPAN Dow Average (16/5/49)	6821.81	6814.72	6826.01	6783.24	6804.61 (25/4)	6475.93 (27/3)
Tokyo New SE (4/1/68)	466.45	465.80	466.45	463.85	472.85 (14/2)	449.01 (10/3)
NORWAY Oslo SE (1/1/72)	129.18	129.82	129.72	130.67	144.70 (14/2)	110.12 (28/3)
SINGAPORE Straits Times (1966)	539.65	540.41	538.49	535.08	540.41 (12/6)	429.75 (3/1)
SOUTH AFRICA Gold (1958)	646.5	657.2	635.8	638.9	648.9 (3/6)	649.5 (15/3)
Industrial (1958)	523.2	521.6	526.5	526.8	529.1 (28/5)	468.9 (29/1)
SPAIN Madrid SE (28/12/79)	101.25	100.75	99.79	99.67	105.29 (21/2)	93.78 (13/5)
SWEDEN Jacobson & P. (1/1/58)	396.27	397.25	399.14	399.88	398.98 (6/2)	334.72 (17/1)
SWITZERLAND Swiss Bank Co. (31/12/58)	298.20	295.4	294.7	294.4	317.9 (11/2)	284.5 (22/4)
WORLD Capital Intl. (1/1/70)	—	141.8	142.0	141.0	145.8 (13/2)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
General Motors	677,500	49⅞	+1⅛
Fannie Mae	558,800	17⅞	+⅛
Sony	473,700	9⅞	+⅛
IBM	451,300	58⅞	+⅛
Mobil	426,300	76	−2
Caesars World	415,500	16⅞	−⅛
Dart Indus.	368,500	44⅞	−⅛
Bally Mfg.	366,100	27⅞	+⅛
Intl. Paper	352,400	37	+½
ATT	337,000	55½	+⅛

TEL AVIV

Company	Price	Change
United Mizrahi Bank	535	+23.0
Hassneh Insurance Br.	598	+17.0
General Mort. Bank Br.	587	+27.0
"Tefahot" Isrl. Mt. Bk.	726	+32.0
Land Development		
Africa Israel Inv. IE10	870	—
Israel Land Devpt. Br.	329	−1.0
Property and Building	452	+21.0
Public Utility		
Israel Electric Cpn.	585	+25.0
Investment Companies		
Bank Leumi Invest	458	+5.0
Discount Invest.	370	−2.0
Commercial and Industrial		
Alliance Tire & Rubber	2,709	−311.0
Elco Br.	†345	+25.0
Argaman Textile Br.	295	+13.0
"Ata" Textile "B"	139.5	−2.5
Amer. Israeli Ppr. Mills	900	−62.0
Assis	446	+6.0
Elite	658	−1.0
Teva Reg.	780	−2.0
Fuel and Oil		
Delek	379	+8.0

Xd Ex dividend. † Bid.

Source: Bank Leumi le Israel, BM, Tel Aviv

Spanish prices, Page 14

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INTL. COMPANIES & FINANCE

Mystery bidder buys 10% stake in Diamond

By Ian Hargreaves in New York

THE PROPOSED truce and peace treaty between Sir James Goldsmith and Diamond International, the U.S. forest products company over which Sir James has been seeking control, could be undermined when the identity of a mystery bidder for Diamond shares is revealed in the next few days.

Wall Street analysts who have followed the intricate and sometimes cantankerous battle between Cavenham holdings, Sir James's U.S. vehicle, Diamond and Brooks-Scanlon, which Diamond proposed to merge with, spent much of Friday puzzling about the activities of the mystery buyer.

The share snatch came moments before the close of the West Coast Pacific Stock Exchange on Thursday and involved the purchase of over 1.2m Diamond shares for $42.50 each (a total of $51m). The price is 50 cents a share more than Sir James has agreed to pay for up to 40 per cent of Diamond in the agreement between himself and Diamond, which also involves Cavenham promising not to attempt a complete takeover of Diamond in the next five years.

The mystery buyer snapped up almost 10 per cent of Diamond in the transaction, leaving himself, under Federal laws, 10 days in which to disclose the stake and his intentions.

The assumption is that the anonymous buyer wants Diamond shareholders to withhold tendering their shares to Sir James while the bidder takes a more careful look at Diamond's affairs.

Saab-Scania warnings on increased profit margins

BY VICTOR KAYFETZ IN STOCKHOLM

SAAB-SCANIA, the Swedish automotive group, reports pre-tax profits up 41 per cent to SKr 333m ($80m) for the first four months of 1980, despite only a 5 per cent increase in consolidated sales for comparable units to SKr 4.42bn ($1.06bn) and a 11 per cent drop in Saab car sales.

Earnings represented 7.5 per cent of group sales, up from 5.5 per cent in January-April 1979, but this improvement in margins is not expected to continue until the end of 1980, the interim report says.

Saab-Scania provides no breakdown of earnings by sector or number of units sold, but says that the 11 per cent decline in Saab product sales to SKr 1.18bn "is mainly related to the general decline of the car market in the U.S. and Western Europe. The Saab 900 programme including its turbo version showed continued growth."

Scania, which makes trucks, recorded a 13 per cent increase in turnover to SKr 2.05bn. Saab-Scania's VW-Audi agency sales rose 12 per cent to SKr 569m, while the aviation division has increased turnover by the same percentage to SKr 271m.

In 1979, Saab-Scania showed pre-tax earnings of SKr 961m on sales of SKr 13.43bn.

Singapore food group's disposal

BY GEORGIE LEE IN SINGAPORE

COLD STORAGE Holdings, one of Singapore and Malaysia's largest and longest established food and beverage groups, has announced that it will be selling 35 per cent of its stake in the wholly-owned subsidiary, Cold Storage Malaysia, to Bumiputra (Malays and other indigenous people) and other Malaysian investors.

The move, which is in line with the Malaysian Government's new economic policy, involves the sale of 8.75m shares at S$1.60 per share. Of this amount, 6.25m shares or 25 per cent of Cold Storage Malaysia's issued capital will be offered to Bumiputra investors nominated or approved by the Ministry of Trade and Industry.

The remaining 2.5m shares will be offered to other Malaysian investors. Cold Storage intends to seek listing for its Malaysian subsidiary on the Kuala Lumpur stock exchange.

Cold Storage Malaysia had net assets of S$28.36m (U.S.$13.44m) as at January 31 this year after incorporating a revaluation of its land and buildings.

Swiss watch company expects return to black

BY JOHN WICKS IN ZURICH

SWISS WATCH company Girard-Perregaux expects to return to profit in 1980. At the annual general meeting, Dr. Charles Vircbaux, chairman, said that this should be possible if the rise in sales in the first months of the year continues.

For 1979 Girard-Perregaux reported a consolidated net loss of SwFr 4.4m ($2.7m) and a parent company deficit of SwFr 3m.

Group turnover rose last year from SwFr 23.9m to SwFr 24.8m. The trading loss resulted from writing off a considerable part of the company's finished product stocks owing to technological and fashion obsolescence.

Girard-Perregaux, whose registered shares were acquired last year by the Desco Von Schulthess company of Zurich, reports a good order book volume. Success this year will, however, depend on a rapid turnover of stocks, on the efficacy of sales campaigns and on the introduction of new models, Dr. Vircbaux said.

Thomson in Montreal Gazette deal

By Our Toronto Correspondent

THOMSON NEWSPAPERS, the North American newspaper publishing group of the Thomson family has announced the purchase of a one-third interest in the Montreal Gazette for C$13m.

Together with its interest in Montreal's only English language daily, Thomson Newspapers also acquired from Southam Inc of Toronto the opportunity to participate in the revival of the Montreal Star. The Star closed last September while under ownership of F. P. Publications.

PENDING DIVIDENDS

	Date	Announcement last year
Airfix	July 12	Final 2.291
Alexanders Discount	July 16	Int. 4.5
Arbuthnot Latham	June 21	Final due
BAT Inds	June 26	Final due
*BPB Inds.	June 25	Final 6.0
*Baker Perkins	June 19	Sec. Int. 4.35
*Beriaford (S. & W.)	June 21	Int. 2.5
Birmid Qualcast	July 18	Int. 1.5
*Brown (John)	July 25	Final 10.239
Chubb	June 27	Final 3.478
Crown House	July 16	Final 2.5
Comp Air	June 13	Int. 1.65
Daily Mail & Gen. Tst.	June 12	Int. 8.368
*Dawson Int.	June 19	Final 4
Distillers	July 19	Final 5.75
Dowty	July 19	Final 5.0
*Elliott (B.)	June 25	Final 7.25
*Eng. China Clays	June 16	Int. 2.117
GEC	July 5	Final 4.0
*GEI Intl.	June 17	Final 3.028
Gestetner	July 18	Int. 2.6
Granada	June 20	Int. 1.44
Gt. Northern Inv. Tst.	June 18	Int. 1.5
GUS	July 16	Final 6.471
Greene King	July 5	Final 6.0
*Hambros	June 16	Final 8.24
Haslemere Estates	July 19	Final 3.37
Heron Motor	July 17	Final 0.92
Hogg Robinson	July 17	Final 2.24
Illingworth Morris	July 19	Final 1.15
IC Gas	July 3	Final 12.0
*Imperial	July 10	Int. 2.75
Initial Services	July 20	Final 4.0
*Johnson Matthey	June 18	Final 8.9
Kenning Motor	June 25	Int. 1.75
Lindustries	June 21	Final 6.9
Lloyds Bank	July 20	Int. 6.25
Lond. & Midland Ind.	July 3	Final 4.1
Lonrho	July 29	Int. 2.64
*MK Electric	June 16	Final 8.7
Magnet & Southerns	July 17	Final 6.0
Meyer (Montague L.)	July 16	Final 3.75
News Ind.	June 25	Int. 8.0
Norcross	June 22	Final 3.18
*Pilkington Bros.	June 15	Final 4.6
Plessey	June 28	Final 3.545
*Powell Duffryn	June 25	Final 7.1
*Racal Electronics	June 18	Final 5.8
*Rank Org.	July 14	Int. due
Ratners (Jewellers)	July 19	Final 1.925
Redland	June 28	Final 4.0
Renold	June 28	Final 7.55
*Rothmans Intl.	July 12	Final 1.65
Rothschild Inv. Ts.	July 9	Final 7.0
SGB	July 3	Int. 3.15
Scot. & Newc. Brews.	July 5	Final 2.527
Stead and Simpson	June 28	Final 2.05
*Tesco Stores	June 18	Final 1.1939
Thorn EMI	July 16	Final 9.4
Town & City Prop.	July 16	Final 0.01
Trusthouse Forte	June 19	Int. 2
*Tunnel	June 18	Final 8.5
Unigate	July 17	Final 3.2
*Union Discount	July 15	Int. 8.375
Utd. Gas	July 12	Final 6.395
*Wedgwood	June 20	Final 2.428
*Westland Aircraft	June 18	Int. 1.0
*Whitecroft	June 23	Final 5.2
*Wilkinson Match	June 24	Final 7.14

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
85	F.P.	16/5	95	82	Amstrad Cons. Elect.	84	......	bd3.3	3.0	5.6	6.7
55	F.P.	30/8	81	74	Home Farm Prods 10p	81	......	b2.9	2.5	5.1	11.1
—	F.P.	—	6	5	†† Jenkin & Purser	6	......	—	—	—	—
§83	F.P.	27/6	91	76	Oakwood Group	79	......	68.6	2.4	11.8	5.7
100	F.P.	27/6	110	93	Peerless	94	......	b6.3	2.8	9.6	4.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	F.P.	6/6	162	111	Automated Sec. 8% Cnv. Uns. Ln. '95	132	+6
‖	Nil	—	15pm	12½pm	Challenge Corp. 16pc Pref. NZ $2.80	16pm	+2½
¶	F.P.	4/9	102½	101⅞	Folkestone & District Water 10pc Pref '85	102½	......
¶¶	F.P.	—	65	63½	London & Midland Inds 8½ pc Deb. '89-94	64½	......
¶	F.P.	30/6	103	99½	Mid Southern 10% Red Prf. 1985	99½	......
‖	N.P.	19/6	10pm	7½pm	NSS Newsag'ts 10% Cnv. Uns. Ln. 1990-2000	8pm	......
‖	F.P.	27/6	104	101	North Brit. Props. 9½% Cov. Uns. Ln. 1996	104	+1½
¶	F.P.	4/9	102⅝	101⅞	North Surrey Water 10pc Pref. 1985	102½	+½

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing Price p‡	+ or −
100	Nil	—	—	39pm	35pm	Carless Capel	3pm	+4
96	Nil	29/5	4/7	100	80	Clifford's Dairies 'A'	90	+1
800	Nil	—	—	355 pm	325 pm	Clyde Petroleum	348pm	−2
18	Nil	30/5	20/6	18½	18	East Rand Cons.	18½	......
54	F.P.	11/6	23/7	64	61	Eleco	64	+2
40	Nil	30/6	18/7	47	41½	Hawley Leisure	42½	......
263	Nil	—	—	63pm	44pm	Land Securities	63pm	+5½
118	F.P.	3/6	18/7	141	124	Unfood	141	+1
126	Nil	—	8/8	140pm	127 pm	Lloyds & Scottish	140pm	......
50cts	Nil	—	—	435pm	150pm	Pancontinental	350pm	+10
54	F.P.	8/5	27/6	75	67	Rugby Portland Cement	75	+1
98	Nil	20/6	18/7	37pm	30pm	Silverminea	30pm	−5
180	F.P.	14/5	27/6	306	194	Unitech	290	+3
110	F.P.	[illegible]/4	16/6	143	123	Watmoughs	135	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

Public Works Loan Board rates

Effective from June 14

Years	Quota loans repaid by EIP†	Quota loans A‡	Quota loans at maturity§	Non-quota loans A* repaid by EIP†	Non-quota A‡	Non-quota at maturity§
Up to 5	13⅞	13⅞	13⅞	15⅛	15	14⅞
Over 5, up to 10	14	14⅛	14⅛	14⅞	14⅞	14⅞
Over 10, up to 15	14⅛	14⅛	14⅛	14⅞	14⅞	14⅞
Over 15, up to 25	14¼	14¼	14¼	14⅞	14⅞	14⅞
Over 25	14¼	14¼	14¼	14⅞	14⅞	14⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

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CORAL INDEX: Close 454-459 (+8)

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
American Express Bk.	17 %
Amro Bank	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½%
First Nat. Secs. Ltd.	19 %
Robert Fraser	17 %
Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	19 %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Cnty. Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 16%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	14¼	½-year	1,000	1
Redbridge (01-478 3020)	14.18	½-year	200	3-4
Redbridge (01-478 3020)	14	½-year	200	5-6

CURRENCIES, MONEY and GOLD

Recessionary trends

BY COLIN MILLHAM

THE LONG awaited recession in world trade is having repercussions in domestic, Eurocurrency and foreign exchange markets.

Monetary authorities in the U.S. and Europe are faced with the problems of guiding their economies through the troubled waters without running into difficulties in the foreign exchange market.

Falling U.S. rates had two obvious effects: to depress the dollar to its weakest level since the beginning of the year and to take the upward pressure off European rates. Only a few months ago Eurodollar rates were over 20 per cent and the dollar rose to DM 1.97 against the D-mark.

Recessionary pressures have since led to a sharp fall in U.S. rates, and an equally sharp decline in the value of the dollar. For the first time for many years short-term Eurodollar rates were below the equivalent Euro D-mark rates last week, and the levels of European interest rates showed a generally easier trend.

In domestic markets money was in good supply in Amsterdam, while conditions in the Paris market were helped by Bank of France purchases of first category paper.

The Belgian National Bank cut short-term Treasury bill rates, following reductions in the Lombard rate and "B" quota discount rate earlier this month.

Despite this trend the French franc remained the strongest member of the European Monetary System, and the Dutch guilder was also firm. The Belgian franc showed little reaction to the downward trend in Brussels rates, trading within a fairly tight group including all the members of the EMS except the Italian lira. Even the lira was well within its allowed limits despite rumours of a possible devaluation.

Sterling had a softish undertone, reflecting the lack of buying interest prompted by fears of a cut in Bank of England Minimum Lending Rate. On the other hand the onset of a recession seems to have helped the supply of money in the London market, although the expected MLR cut may be still some time away.

GOLD

	June 13		June 18	
Gold Bullion (fine ounce)				
Close	$605-608	(£258½-260½)	$589-593	(£252-254)
Opening	$610-614	(£259½-291½)	$589-593	(£251-253)
Morning fixing	$609.25	(£259.597)	$588.76	(£251.253)
Afternoon fixing	$608.40	(£259.634)	$590.00	(£251.814)
Gold Coins				
Krugerrand	$624-628	(£266½-268½)	$608-611	(£260-263)
Mapleleaf	$583-628	(£266-268½)	$603-606	(£258-261)
New Sovereigns	$153½-155	(£65½-69½)	$150-151	(£64-65)
King Sovs	$181-183	(£77¼-78¼)	$180-183	(£77-79)
Victoria Sovs	$181-183	(£77¼-78¼)	$180-183	(£77-76)
French 20s	$157-160		$153½-156½	
50 pesos Mexico	$769-757		$762-737	
100 Cor. Austria	$600-606		$575-580	
$20 Eagles	$688-692		$682-686	
$10 Eagles	—		—	
$5 Eagles	—		—	

OTHER CURRENCIES

June 16	£	$		£ Note Rates
Argentina Peso	4286-4306	1833-1840	Austria	89.05-99.35
Australia Dollar	2.0230-2.0250	0.8640-0.8643	Belgium	66.20-66.60
Brazil Cruzeiro	118.18-118.18	50.81-50.81	Denmark	12.74-12.84
Finland Markka	8.4871-8.4954	3.6245-3.6265	France	6.53-6.59
Greek Drachma	100.031-102.338	42.70-42.90	Germany	4.085-4.185
Hong Kong Dollar	11.49-11.505	4.9090-4.9120	Italy	1910-1955
Iran Rial	n/a	n/a	Japan	505-511
Kuwait Dinar (KD)	0.625-0.629	0.2570-0.2575	Netherlands	4.49-4.52
Luxembourg Frc.	65.60-65.90	28.11-28.16	Norway	11.29-11.68
Malaysia Dollar	4.6760-4.9880	2.1860-2.1280	Portugal	111.00-114.00
New Zealand Dlr.	2.3640-2.3660	0.9900-0.9910	Spain	158.75-165.76
Saudi Arab. Riyal	7.77-7.83	3.3275-3.6295	Sweden	9.69-9.75
Singapore Dollar	4.9400-4.6520	2.1100-2.1120	Switzerland	3.76-3.79
Sth. African Rand	1.8128-1.8154	0.7769-0.7745	United States	2.3350-2.3470
U.A.E. Dirham	8.65-8.71	3.7000-3.7030	Yugoslavia	61.00-65.00

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

June 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3390-2.3490	2.3415-2.3425	1.72-1.62c pm	8.56	4.60-4.50c pm	7.77
Ireland†	2.1210-2.1250	2.1210-2.1230	1.65-1.55c pm	−8.04	4.70-4.60pm	+8.76
Canada	1.1445-1.1463	1.1458-1.1461	0.40-0.45c dis	−4.45	0.84-0.89dis	−3.01
Nethlnd.	1.9205-1.9250	1.9205-1.9220	0.28-0.36c dis	−1.93	0.77-0.87 dis	−1.70
Belgium	28.07-28.18	28.11-28.13	13.5-16c dis	−6.08	36-39 dis	−5.33
Denmark	5.4460-5.4565	5.4550-5.4565	4.85-5.35oredis	−9.01	14.25-14.75	−10.63
W. Ger.	1.7500-1.7560	1.7550-1.7560	0.05-0.15pf dis	−0.68	0.15pm-0.15 dis	—
Portugal	48.60-48.80	48.63-48.78	33-43c dis	−9.36	90-140 dis	−9.44
Spain	62.90-70.05	69.90-69.95	70-85c dis	−13.29	175-200 dis	−10.72
Italy	828.90-829.50	828.90-829.40	6½-7½lire dis	−10.13	20.00-21.50 dis	−10.01
Norway	4.8255-4.8300	4.8265-4.8300	0.05orepm-0.45d	−0.62	1.25-1.75dis	−1.24
France	4.0880-4.0975	4.0950-4.0975	1.22-1.32c dis	−3.72	3.50-3.70 dis	−3.51
Sweden	4.1375-4.1460	4.1375-4.1390	2.00-2.15oredis	−6.01	6.90-6.05 dis	−5.73
Japan	215.30-216.50	216.35-216.45	0.80-1.00y dis	−4.99	1.50-1.70 dis	−2.95
Austria	12.47-12.49	12.48-12.49	1.40-2.00grodis	−1.63	3.10-3.90dis	−3.35
Switz.	1.6080-1.6160	1.6140-1.6150	0.41-0.31c pm	2.67	1.42-1.32 pm	3.39

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

June 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3390-2.3490	2.3415-2.3425	1.72-1.62c pm	8.56	4.60-4.50 pm	7.77
Canada	2.6760-2.6860	2.6835-2.6845	1.07-0.97c pm	4.56	3.50-3.40 pm	5.14
Nethlnd.	4.49-4.52	4.50½-4.51½	2⅞-1⅞c pm	6.32	7⅛-6⅛ pm	6.99
Belgium	65.60-66.05	65.80-65.90	18-8c pm	2.37	46-36 pm	2.49
Denmark	12.74-12.81	12.78-12.79	1½-3½ore dis	−2.23	9½-10½ dis	−2.91
Ireland	1.1010-1.1065	1.1025-1.1035	0.03p pm-0.02dis	0.05	0.20-0.16 pm	0.63
W. Ger.	4.09½-4.12½	4.11-4.12	3-2pf pm	7.28	8½-7½ pm	7.41
Portugal	113.80-114.80	114.00-114.20	10c pm-25 dis	0.79	15 pm-110 dis	1.67
Spain	163.50-164.00	163.60-163.70	55-120c dis	9.42	90-155 dis	−2.99
Italy	1940-1945	1941-1942	2-4lire dis	1.85	11-13 dis	−2.47
Norway	11.29-11.33	11.30½-11.31½	8½-6½ore pm	7.76	20½-18½ pm	6.65
France	9.56-9.61	9.59-9.60	4½-3½c pm	4.69	10½-9½ pm	4.17
Sweden	9.67-9.72	9.67½-9.68½	2½-1½ore pm	2.48	5½-4½ pm	1.91
Japan	503-510	506½-507½	1.95-1.35y pm	3.91	8.65-6.05 pm	6.01
Austria	29.17-29.35	29.20-29.25	19-15gro pm	6.98	50-43 pm	6.36
Switz.	3.76-3.80	3.77½-3.78½	3½-2½c pm	10.71	10½-9½ pm	10.58

Belgian rate is for convertible francs. Financial franc 66.50-66.60. Six-month forward dollar 7.25-7.15c pm. 12-month 10.85-10.70c pm.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 13)

3 month U.S. dollars		6 month U.S. dollars	
bid 8 13/16	offer 8 15/16	bid 8 13/16	offer 8 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	8⅜-8⅝	11-13	11-11¼	3-3½	9⅝-8¾	12¼-12½	14-16	5¼-5½	15½-18½
7 days' notice	19-16¼	8⅜-8⅝	11-13	11-11¼	9⅝-3¼	9⅝-8⅝	12⅜-12½	17-19¼	8⅜-8⅝	14-14½
Month	17¼-17⅝	8⅜-8⅞	12⅛-12½	10⅝-10⅞	5⅞-5⅜	9⅜-9⅞	12⅜-12½	18-16	8⅛-8⅝	13-16¼
Three months	16⅝-16⅞	8⅝-8⅞	11⅞-11⅞	10¼-10½	5⅛-5⅝	9⅛-9⅝	12⅜-12½	18½-16½	8⅝-8⅞	11¼-11⅞
Six months	15⅝-16¾	8¾-8	10⅝-10¾	10⅛-10⅞	5⅜-5½	8⅞-9⅛	12⅜-12½	18¼-19	8⅛-8⅝	10⅛-10⅞
One year	14-14⅝	8¾-6	10-10⅝	10⅝-10⅞	5⅞-5¾	8¼-8⅝	12⅜-12½	18-16½	8⅛-8⅝	8¾-9

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.25-8.35 per cent; three-months 9.25-8.35 per cent; six-months 8.17-8.27 per cent; one year 9.20-8.40 per cent.

Long-term Eurodollar two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-11 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

LONDON MONEY RATES

June 16 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	16½-26	—	—	—	17	16½-17	—	—	—
2 days notice	—	—	16⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-18⅛	17	—	17¼	17⅜	18½-16⅝	—	—	—
One month	17⅛-15⅞	16⅞-16⅝	18⅛	18¼-18½	17¼	17⅛	16⅝	15⅝-15¾	17¼-17⅛	17¾
Two months	17⅛-16⅝	16⅞-16⅝	—	16⅞-17⅝	17⅛	—	16¼-16⅝	16⅝-16⅞	16¾	17⅛
Three months	16¾-16⅝	16⅛-16⅝	16⅝	16⅞-17⅛	16⅞	17¼	16-16⅛	16⅛-16⅞	16⅞	16¾
Six months	15¼-14⅞	15¼-16⅝	15¼	15⅞-15⅝	15⅝	16⅛	—	—	14½	15¼
Nine months	14½-14	14⅝-14½	—	15-15⅝	14⅝	15⅛	—	—	—	—
One Year	13⅞-13⅞	14-14⅛	14¼	14⅝-15	14⅝	15⅛	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13⅞ per cent; four years 13¾ per cent; five years 13⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-month trade bills 16⅝ per cent.

Approximate selling rate for one-month Treasury bills 15½-15$^{21}_{32}$ per cent; two-months 15$^{21}_{32}$-15$^{23}_{32}$ per cent; three months 15⅝ per cent. Approximate selling rates for one-month bank bills 17$^{3}_{16}$ per cent; two-months 16⅜ per cent; three-months 16$^{5}_{16}$ per cent; one-month trade bills 17½ per cent; two-months 16$^{15}_{16}$ per cent; and three-months 16⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8340 per cent.

CURRENCY RATES

June 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.565836	0.610810
U.S. $	11	1.32639	1.43235
Canadian $	11.83	1.52010	1.64119
Austria Sch.	6¾	Unavail.	17.9044
Belgian F.	14	37.2795	40.2588
Danish K.	16	7.23441	7.80345
D'Mark	7½	2.32563	2.51077
Guilder	10	2.56184	2.75466
French Fr.	9½	5.42465	5.85906
Lira	15	1099.52	1187.42
Yen	9	285.159	308.672
Norwgn. Kr.	9	6.41010	6.91536
Spanish Pts.	8	92.7761	100.266
Swedish Kr.	10	6.49760	6.92635
[illegible]	[illegible]	[illegible]	2.31110

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EUROBONDS

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.7	52.4	-0.6	1.91
Abbey Capital	37.4	40.4	.....	6.23
Abbey General	48.6	52.0	-0.1	5.96
Abbey Gilt & F.I. Tst.	106.4	112.0	+0.1	10.08
Abbey Income	42.9	45.3xd	+0.2	0.91
Abbey Intl. Bd. Tst.	95.0	100.5xd	-0.1	5.47
Abbey Inv. Tst. Fnd.	39.7	42.3	+0.2	6.04
Equitas Prog. Trust	71.7	77.5	-0.1	5.78

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	85.1	90.8xd	.....	12.48

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	78.0	83.5	.....	6.35
Brit. Inds. Fund	69.4	74.3xd	+0.1	7.00
Growth & Income	43.2	46.2	.....	6.02
Elect. & Ind. Dev.	37.9	40.6	+0.2	6.03
Allied Capital	79.6	85.2	+0.3	5.46
Hambro Fund	118.0	126.3xd	+0.1	6.87
Hambro Acc. Fund	149.4	159.9	-0.1	5.63
Income Funds				
High Yield Fd.	64.0	68.5	+0.2	10.58
High Income	70.2	75.1	+0.1	8.12
A.H. Eq. Inc.	41.7	44.7	.....	8.23
Govt. Secs.	24.7	25.3	+0.1	8.89
International Funds				
International	29.1	31.1	-0.1	3.47
Pacific Fund	49.6	53.1	+0.2	2.32
Secs. Of America	58.7	62.8xd	-0.3	2.87

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. June 13	198.2	211.4xd	+8.2	5.93

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.64
Gt. Winchester O'seas	20.9	23.0	.....	4.79

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-499 5211

Emson Dudley Tst.	74.1	79.7	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	76.0	79.9	-0.1	5.28

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4892

American	24.0	25.3	-0.2	1.00
Fixed Interest	24.9	26.3	.....	13.11
Growth + Income	29.8	31.4xd	+0.2	8.90
Special Sits.	29.5	31.7	-0.1	3.03

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.8	31.0	.....	2.13
Accum. Units	35.4	38.1	.....	2.23
J. Finlay High Income	31.5	33.9	.....	10.72
J. Finlay Euro.Fin.	21.0	22.6	.....	3.99
Accum. Units	26.2	28.2	.....	3.99
J. Finlay Fd.In.Tst.	33.8	36.3	.....	5.62
Accum. Units	41.7	44.8	.....	5.62

Prices on June 11. Next dealing June 18.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American June 9	51.8	55.2	.....	1.20
Am. T'around June 9	51.6	55.0	.....	2.00
Capital Tst.	52.2	55.6	+0.2	5.54
(Accum. Units)	53.0	56.6	+0.2	5.54
Extra Income Trust	47.8	51.0	.....	10.55
Income Tst.	36.0	38.4xd	+0.2	9.02
Int. Growth Fd.	44.0	47.0xd	-0.2	2.41
(Accum. Units)	46.8	50.0	-0.2	2.41

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	50.8	54.3xd	+0.2	4.96
Do. Accum.	71.5	76.4	+0.1	4.96

Funds in Court*

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

CRANE FRUEHAUF
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Crane Fruehauf Limited South Green, Dereham, Norfolk.

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1A	10	Sth. Rhod. 2½pc '65-70	150	3/66	—
15Ja	15J	Do. 6pc '78-81	164	12/65	—

LOANS

Public Board and Ind.

1Ja	1Jl	Agric. Mt. 5pc '59-89	59½xd	2.6	8.36	12.55
30J	31D	Alcan 10½pc '89-94	75xd	2.6	14.00	14.00
1M	1S	Met. Wtr. 3pc 'B'	27¼	1.2	11.14	13.19
30J	31D	U.S.M.C. 9pc 1982	103	5.11	8.75	—
30J	31D	Do. without Warrants	91½	5.11	9.90	12.80

LOANS—Continued

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

Feb.	Aug.	Algemene Fl.100	£63¾	28.4	Q25%	1.9	7.9	6.8
Oct.	Apr.	Allen Harvey £1	330	10.3	21.5	—	9.3	—
Dec.	June	Allied Irish	106xd	2.6	Q8.93	—	8.2	—
—		Ansbacher (H.) 5p	14½xd	2.6	0.15	—	1.5	—
Dec.	June	Arbuthnot L. £1	210	19.11	†10.42	—	7.1	—
July	Jan.	Bk. Ireland £1	285xd	2.6	Q23.51	—	8.0	—
Mar.	Sept.	Do. 10pc Conv.	£134	25.2	Q10%	—	17.0	—
May	Nov.	Bk. Leumi $0.1	6	8.10	gQ11½%	—	22.1	—
Aug.	Feb.	Bk. Leumi (UK) £1	120	21.2	8.57	—	10.7	—
Jan.	July	Bk. N.S.W. $A1	141	28.12	Q16c	♦	5.9	♦
Nov.	May	Bank Scotland £1	265	28.4	15.0	5.1	8.1	3.3
A. J. O. Ja.		Bankers N.Y. $10	£21¼	24.3	Q$3.30	—	7.0	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

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ENGINEERING—Continued

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[illegible]

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MINES—Continued

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Acmex 50c	22	—	—	—	—
—		ACM 20c	18	—	—	—	—
—		Bond Corp.	100	—	Ig02.8c	2.2	1.4
Nov.	Apr.	Bougainville I Kina	124	7.3	Ig026.2c	1.6	11.7

Tins

Copper

Miscellaneous

		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Anglo-Dominion	160	—	—	—	—
—		Barymin	60	—	—	—	—
May		Burma Mines 10p	15½	14.4	0.62	1.1	5.8
Aug.	Feb.	Cons. Murch. 10c.	320	28.12	M0100c	1.8	18.6
—		††Hemerdon 10c.	132	—	—	—	—
—		Northgate C$1	400	977	—	—	—
Jan.	July	R.T.Z.	402	12.5	15.0	3.2	5.3
—		Robert Mines	23	—	—	—	—
—		Sabina Inds. C$1	31	—	—	—	—
—		††SWCM 10p	46	—	—	—	—
—		Tara Exptn. $1	435	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- § No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	29	.....
Bertam	17	.....
Bdg'wtr. Est. 50p	420	+10
Clover Croft	68	.....
Craig & Rose £1	£10½	.....
Fife Forge	32½	.....
Finlay Pkg. 5p	18	.....
Graig Ship. £1	£14½	.....
Higsons Brew	75	.....
Holt (Jos) 25p	250	.....
I.O.M. Stm. £1	185	.....
Pearce (C. H.)	455	.....
Peel Mills	40	.....
Sheff. Refrshmt.	103	.....
Sindall (Wm.)	148xd	.....

IRISH

Conv. 9% '80/82	£99¼	+¼
Nat. 9¾% 84/89	£78½	.....
Fin. 13% 97/02	£87	.....
Alliance Gas	45	.....
Arnott	360	.....
Carroll (P.J.)	54	.....
Clondalkin	118	+2
Concrete Prods.	75	.....
Heiton (Hldgs.)	34	.....
Ins. Corp.	245	.....
Irish Ropes	55	.....
Jacob	35	.....
T.M.G.	75	-5
Unidare	95	.....

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	18	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	18	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr.	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	18
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	18	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	28	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	25		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

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FINANCIAL TIMES
Monday June 16 1980

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Debate on ballot for 14% offer to nurses

By John Lloyd, Labour Correspondent

THE CONFERENCE of the Confederation of Health Service Employees will tomorrow debate a motion from the union's executive to ballot its members on the 14 per cent pay offer to nurses, which would be accompanied by a recommendation to reject the offer.

The conference will also debate a motion from its Dundee branch calling for immediate industrial action, though the executive has recommended that this motion fall in favour of its own.

COHSE organises 130,000 nurses, roughly the same number as the Royal College of Nurses, whose executive decided against recommending industrial action this month.

The executive of COHSE, which met in pre-conference session in Blackpool yesterday, clearly wants to test the feeling among its membership for industrial action by means of the ballot.

This decision is a setback to talks in which negotiators for the nurses had reached preliminary agreement with the management side before referring a final decision back to the unions. The next meeting of the staff/management committee is set for July 8.

However, COHSE feels strongly that nurses' hours and responsibilities are not receiving adequate reward, and that they are falling behind doctors—who recently received an 18.7 per cent rise—and civil servants.

UK hopes for Chinese nuclear plant work

By Sue Cameron and Colina MacDougall

A FEASIBILITY study into building China's first commercial nuclear power station is expected to provide initial results in the autumn. Four sites are under consideration and, if a decision is taken to go ahead, Britain will be well-placed to win orders for the project.

The China Light and Power Company of Hong Kong is co-operating in the study at the request of the Government of Guangdong, a southern Chinese province known to be short of power. Officials from the UK Atomic Energy Authority are also understood to be advising on the study.

This co-operation follows a visit to Britain last week by Mr. Kang Shien, the Chinese Vice-Premier and senior energy official. Mr. Kang was given a week's intensive briefing on the British power and offshore oil industries, to aid Peking in planning its own offshore exploitation.

Sir Laurence Kadoorie, chairman of China Light and Power, said last week there was a "30 per cent to 40 per cent chance" of the project going ahead. He saw "no reason" why the UK should not win orders for some of the design work.

Backers of the project are understood to be considering a pressurised water reactor. The four sites being studied are in the Mirs Bay area, close to Hong Kong.

China hopes to pay for part of the cost of the nuclear station by supplying Hong Kong with extra power during the early 1990s.

China Light and Power has supplied Guangdong with electricity since a power link was established in April last year, and is building a new coal-fired power station in Hong Kong's New Territories which is expected to take as much as 50 per cent of its coal supplies from China.

Plant and expertise for the New Territories station is being supplied by GEC and the Central Electricity Generating Board as part of a package deal. A decision on a second New Territories plant, also being planned by China Light, is due next year.

A decision to go ahead with the nuclear station in China—it would probably not be operational before 1990—would have important political implications.

The lease on Hong Kong's New Territories comes up for renewal at the end of 1997. China does not recognise the lease but joint Chinese-Hong Kong projects, such as the proposed nuclear station, could persuade the People's Republic to allow the entrepreneurial colony to continue "under British management."

Pressure mounts over pay

BY ELINOR GOODMAN, LOBBY STAFF

THE PRESSURES on the Government to intervene directly in public sector pay are mounting just as Ministers are stepping up their campaign to persuade the public to accept pay settlements below the rate of inflation this autumn.

Ministers will this week begin studying a recommendation from Lord Boyle's Top Salaries Review Board to increase the pay of senior civil servants, such as judges and generals, by about 20 per cent.

The increases are needed to keep up with inflation. The report therefore highlights the problems created by comparability when Ministers are close to making a decision on the whole question of comparability in the public sector, and on the future of bodies like the Clegg Commission and the Top Salaries Review Board.

A final decision may not be taken until the Government has received Lord Boyle's parallel report on MPs' pay—probably at the end of the month.

But is is already clear that top civil servants are likely to be asked to accept a reduction in their recommended pay increases in the same way as MPs will probably be asked to exercise voluntary pay restraint in the national interest. Such intervention would be justified on the grounds that the Government has a responsibility to restrict pay in sectors where it is the paymaster.

The feeling is that it would be difficult for the Government to be seen to be allowing top civil servants more than the 14 per cent which it is trying to persuade nurses to accept. The Government is particularly concerned about the timing of the increases in both MPs' pay and top civil servants' pay, which they fear could fuel pay demands from other sectors this autumn.

If implemented in full, the 20 per cent increase would result in cash increases which would be bound to hit the headlines. For some nationalised industry heads, it would be worth more than £8,000 a year.

Ministers believe news of such settlements would be counter-productive when the Government is doing all it can to persuade the public of the need to keep pay settlements this autumn below the rate of price inflation.

Ministers regard public sector pay as one of the biggest problems facing the Government, and are alarmed by the evidence that it is increasing faster than private sector pay.

Some Conservative MPs would like to see the Top Salaries Review Board abolished as well as Clegg—which the Government has already made clear has little chance of surviving in its present form. Proposals to increase the pay of top civil servants by 20 per cent will probably increase the pressure on the Government to change Lord Boyle's terms of reference as well.

The Government is not committed to implementing Lord Boyle's recommendations on top civil servants' pay. But Ministers acknowledge that cutting back the increases could cause problems. Differentials might be narrowed, and though many Tory MPs would be delighted at the idea of senior Whitehall civil servants having to take a cut in real earnings, they might be less happy about the idea of generals and judges being hit by the same cuts.

There is also the continued *problem of attracting executives* into the nationalised industries. Ministers have been considering this for the last few weeks in the light of the difficulty they have had in getting people to fill the top jobs.

It has been suggested that the nationalised industries might be given more freedom to set their top salary levels and so be able to compete on the open market for senior managers. But it might be difficult for the Government to do this if it was restricting increases paid to nationalised industry chairmen.

Civil Service pay, Page 5

Councils drag feet over job cuts

BY ROBIN PAULEY

THE LATEST local authority manpower figures, to be published on Thursday, will show an almost insignificant overall decline in spite of repeated demands for more than a year by Mr. Michael Heseltine, Environment Secretary, that manning levels must be cut substantially.

The figures will show the change in manning levels between March, 1979, and March, 1980, to be less than a one per cent net reduction—the rate the Labour Government was able to achieve in 1976 without difficulty.

Thus the figures are almost as bad for Mr. Heseltine, politically, as the last figures covering December, 1978, to December, 1979, which showed a drop of only 0.3 per cent, or 4,825 out of nearly 2m jobs.

This week's figures will show that, again, many councils have actively recruited and continued to increase their total staffing levels, although there has been some movement between full-time and part-time employees.

Nearly three-quarters of county councils, for example, have reduced neither their full-time nor part-time staffs.

Mr. Heseltine is under great pressure from local authorities, who are resisting his attempts to make them cut manpower and expenditure, and from sections of the Cabinet that fear he cannot effect the required cuts in spending and force councils to stay within the 1980-1981 overall public expenditure plans.

Manpower, which was at record post-war levels in June 1979 and has hardly moved since, accounts for about 70 per cent of local authorities' gross revenue expenditure. It is the main key to reducing local government spending.

Mr. Heseltine feels, for example, that rational manpower cuts, achieved only through natural wastage during 1980-81, might have saved more than the £700m by which local government appears to be overspending on its current account.

Mr. Heseltine will undoubtedly remind local authorities again that the Environment Department has cut its manpower by 8 per cent, or 4,000 people, since the general election, without redundancies.

The difficulties are compounded by the areas that are reducing staff.

Cuts are apparently being made in manual staff, but white collar staff is increasing. Teachers' numbers are not decreasing significantly when full-time and part-time staff are considered together.

The one area that ought to be increasing is police, as Government policy is to increase law and order establishments. However, although police figures are rising, they are not reaching recruitment targets.

On March 31, the total force in England and Wales was 112,908, compared with an authorised figure of 119,149, according to the latest police statistics, compiled by the Chartered Institute of Public Finance and Accountancy.

The Government's drive against local-authority staff figures will now be harder with the change of political control in the influential Association of Metropolitan Authorities.

Many big metropolitan Labour councils, which traditionally see themselves as local job providers, can now expect support from Mr. Jack Smart, leader of the majority Labour group, for maintaining or even increasing staff levels.

More talks to find Jenkins' successor

BY JOHN WYLES IN BRUSSELS

TOP-LEVEL consultations will take place among the Nine during the next few days in an attempt to break the deadlock over the choice of a successor at the end of the year to Mr. Roy Jenkins, President of the European Commission.

The failure of the EEC heads of Government to agree on a new president at the Venice summit at the end of last week could be seen as strengthening the prospects of Sig. Maria Filippo Pandolfi, Italy's Finance Minister.

Sig. Pandolfi's name was officially withdrawn at the summit by his Prime Minister, Sig. Francesco Cosiga. However, this has been seen as a tactic which has kept Sig. Pandolfi's candidacy alive purely because his name did not feature in the inconclusive discussion at the summit.

Government leaders spent several hours on Friday trying to solve difficulties partly created by inadequate preparation. The chief victim was M. Gaston Thorn, Luxembourg Foreign Minister, who appeared favourite to become president but whose candidacy has suffered because of Friday's lack of agreement.

There was, in fact, a majority of seven ready to appoint M. Thorn but President Giscard d'Estaing of France withheld his endorsement. M. Thorn is said to be too enthusiastic about federal Europe for President Giscard's taste.

The two men have crossed swords on more than one occasion, most vigorously in 1975, when as Prime Minister of Luxembourg, M. Thorn refused to accept two nominees in succession proposed by the French Government for the top job at Radio Luxembourg.

According to some versions, but denied by British officials, Mrs. Margaret Thatcher was less than enthusiastic for M. Thorn. But since Mrs. Thatcher was trying hard to make a different impression than at the EEC's last two summits, and therefore had little say on any subject, her silence may have been misconstrued by some of her colleagues.

When it appeared that President Giscard would not change his stance M. Wilfried Martens, Belgium's Prime Minister proposed Viscount Etienne Davignon, a former Belgian diplomat, whose handling of the EEC industrial policy as EEC Commissioner in the last four years has made him a substantial figure in community politics.

However, the fact that he was not the compromise candidate around whom all could rally last Friday, suggests the Nine may look elsewhere.

They are also bound to think carefully about Mr. Wim Duisenberg, a former Dutch Finance Minister.

Government envisages changes in public spending planning

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

FAR-REACHING CHANGES in the way public spending and tax proposals are presented will be actively considered by the Government after publication next month of a report recommending major reforms in the system.

The report, due out on July 22, has been prepared by a committee set up by the independent Institute for Fiscal Studies under the chairmanship of Lord Armstrong, chairman of Midland Bank and former permanent head of the Treasury and of the Civil Service.

The members include other former officials, MPs, academics and economic commentators.

The committee has considered how public spending and revenue proposals can be produced at the same time and on a fully comparable basis.

With the exception of this year, spending plans (for four years ahead) are announced three or four months earlier than tax proposals (for the following 12 months) are made in the spring Budget.

Sir Geoffrey Howe, the Chancellor, talked favourably at the time of the Budget about the idea of bringing together spending and tax plans, but said he was awaiting the Armstrong report before reaching a decision.

Treasury officials, who have been in close touch with the committee, have already started looking at possible changes.

An indication of the Government's willingness to consider changes in the budgetary system along the lines considered by the Armstrong Committee was given last week by Sir Geoffrey.

Reviving an idea floated by him before the General Election, he said there were clear attractions in a separate autumn Finance Bill dealing with the technical details of tax legislation, and this might happen later in the present Parliament.

The Armstrong Committee's approach has been set out by Mr. Melvyn Westlake, its secretary, in *Fiscal Studies*, the institute's journal.

He said that fiscal policy should be considered coherently as a whole rather than piecemeal, as now.

To achieve this aim, he said, the date of the Budget should be advanced to three or four months before the start of the financial year, when tax proposals could be announced at the same time as spending plans.

This would allow time for "open Government" to match "open budgeting."

While spending and revenue plans were announced at the same time this year, the coincidence was at the start of the financial year rather than earlier.

This was because the usual timetable had been disrupted by the Government's decision to revise its spending plans for 1980-81 as set out in its White Paper last November.

Treasury Ministers are known to have been pleased with the reception to the pulling together of both sides of the Budget, even though it resulted in a greater-than-usual administrative burden.

Continued from Page 1

Callaghan compromise

Left and Right, although the most passionate argument will now take place on the executive.

During 18 hours of discussions, the commission also agreed ways of raising more, desperately needed money for the party.

Last night Mr. David Basnett, general-secretary of the General and Municipal Workers' Union, said there had been a vigorous discussion but no "blood on the wall." He hoped the commission would stand by the report without dissent.

The union representatives would meet their colleagues shortly to discuss the situation, he said. His hope seemed to be that the unions represented on the commission, which included the Society of Graphical and Allied Trades, the Association of Scientific, Technical and Managerial Staffs and the Amalgamated Union of Engineering Workers, would be able to persuade their union delegations at conference to back the report.

Continued from Page 1

Lonrho

Mr. Rowland says in his letter: "You also said that we want to get creping control of House of Fraser without spending a penny for it. We certainly don't want to spend £70m on the basis of your asurances and get nothing for it."

Mr. Rowland says that he hopes that shareholders "will support us this time," and warns Sir Hugh: "We are not going to give up and we hope that sooner rather than later you will admit the good sense of what we are proposing."

Weather

UK TODAY

Showers and sunny intervals.

London, Midlands, Central S., S.W., N.W., Central N. England, Wales, Channel Is.

Sunny periods, scattered showers. Max. 20C (68F).

S.E., E., N.E. England, East Anglia, Borders

Rain at first, sunny intervals developing. Max. 19C (66F).

Lakes, Isle of Man, N. Ireland, S.W. Scotland, Argyll

Showers, heavy in places. Sunny periods. Max. 18C (64F).

Rest of Scotland

Outbreaks of rain, hill fog clearing slowly from south. Max. 16C (61F).

Outlook: unchanging.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	L. Plms.	F	22	72
Algiers	F	23	73	Lisbon	F	21	70
Amsdm.	C	18	64	Locarno	S	25	77
Athens	S	31	88	London	F	15	59
Bahrain	S	39	102	Luxor	S	38	100
Barclna.	S	24	75	Madrid	S	21	70
Belfast	F	17	63	Majorca	S	27	81
Belgrd.	S	31	88	Malaga	S	25	77
Berlin	R	16	61	Malta	S	26	79
Biarritz	F	23	73	M'chstr	F	17	63
Bmghm.	F	18	64	Melbne.	R	15	59
Blackpl.	C	17	63	Milan	F	26	79
Bordx.	C	21	70	Mntreal.	C	28	83
Boulgn.	R	14	57	Moscow	C	19	66
Bristol	R	17	63	Munich	C	18	66
Brussels	F	20	68	Nairobi	R	20	68
Budpst.	S	30	86	Naples	F	25	77
B. Aires	C	13	54	Nwcstl.	C	16	61
Cairo	S	32	88	N. York	S	25	77
Cardiff	C	16	61	Nice	S	22	72
Cas'b'ca	F	21	70	Nicosia	S	28	82
Cape T.	C	18	64	Oporto	C	18	66
Chicago	R	11	52	Oslo	F	24	75
Colgne	C	20	68	Paris	C	20	68
Cpnhgn.	R	15	59	Perth	C	15	66
Corfu	S	29	84	Prague	F	18	64
Dublin	C	16	61	Reykjvk	C	11	52
Dbrvnk.	S	27	81	Rhodes	S	29	84
Ednbgh.	C	17	63	Rio J'o	C	23	73
Faro	S	20	68	Roma	S	24	75
Florence	C	24	75	Salzbrg.	C	18	64
Frankft.	F	20	68	Singapr.	S	23	86
Funchal	S	22	72	Stckhm.	S	21	70
Geneva	C	20	68	Strasbg.	R	16	61
Gibrltr.	S	25	77	Sydney	C	17	63
Glasgow	C	14	57	Tangier	S	22	72
G'nsey	C	15	59	Tel Aviv	S	24	75
Helsinki	S	22	72	Tenerife	F	19	66
H. Kong	S	32	89	Tokyo	C	28	82
Innsbrk.	F	20	68	Tunis	S	30	86
Invrnss.	F	17	63	Valencia	S	28	82
I.o.Man	C	13	55	Venice	F	26	79
Istanbul	S	25	77	Vienna	C	20	68
Jersey	F	17	63	Warsaw	C	26	79
Jo'burg	S	17	63	Zurich	S	22	72

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

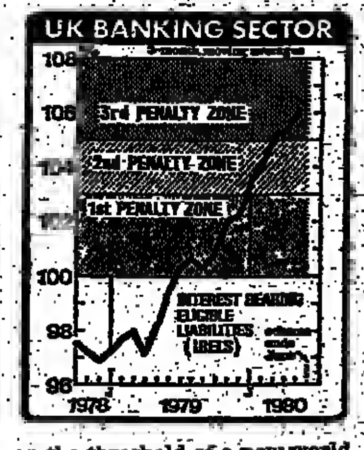
THE LEX COLUMN

Bursting out of the corset

On Wednesday — Waterloo Day, as it happens — the British banking system will at last be rid of the corset scheme under which it has laboured for two years, and which it must hope will now be permanently discarded from the Bank of England's wardrobe. The corset is not being taken off because it has worked, but because it has become an embarrassment; it burst at the seams long ago.

As a system of credit control it has always been riddled with imperfection. Not the least of its weaknesses has been that once a bank has gone above the ceiling limit on interest-bearing eligible liabilities (IBELS), and certainly once it has found itself in the second penalty zone of the corset controls, it has been virtually impossible for it to get out again. This is because the bank has been forced to bid for funds—and thus weaken its corset position further — just in order to finance the corset penalties.

The progress of the banking system into the third penalty zone has thus been inexorable, despite the exercise of a considerable amount of ingenuity, as a result of which the corset has significantly distorted the monetary data on which official economic policy so greatly depends. It is now expected that the return of this errant lending to the banking system will boost sterling M3 by between 2 and 3 per cent. The irony is that the corset, which was originally intended to give a semblance of tough policy and make it possible to sell gilt-edged without raising interest rates, should now be preventing interest rates from coming down.



Restrictive

Again, the very crudeness of the corset arithmetic has made it a clumsy tool of policy. The addition of a flat £260m per month to the ceiling figure for IBELs has meant that the limit has constantly been tightened. In the first month of the corset's operation, the permissible ceiling for IBELs growth was raised by 1 per cent—in the past month it has only been 0.8 per cent. When the scheme was introduced, IBELs were allowed to rise by 12 per cent in the first year, rather above the rate of inflation; since then, like the monetary targets, the corset limits have become improbably restrictive. In addition, higher interest rates have encouraged depositors to switch from current into interest-bearing accounts, automatically inflating the sensitive IBELs figure.

Now, though, the banks stand on the threshold of a new world. No longer will the Bank of England be obliged to rig conditions in the Money market on make-up day so as to prevent the clearing banks being put at a disadvantage—if rates have been too high, there has been a wholesale switching by borrowers into overdrafts from market loans. But the Bank will still be subjecting the banking system to a positive barrage of nods and winks.

It has been made quite clear to the banks that they are still under the age-old priority lending guidelines, and that any attempt to market aggressive personal savings and loan packages may be frowned upon if it looks as though this will take business away from the building societies.

Nevertheless, the banks are clearly going to try to expand their balance sheets now that the corset constraints are coming off—which is not to say that the corset will not be evaded as actively this Wednesday as on the last 23 make-up days. Apart from re-intermediation of maturing acceptance credits, this will probably mean—for the clearing banks, at least—an attempt to recapture the business that foreign banks have picked up from their traditional customers.

The difficulty is that overall balance sheet growth may not be easy to come by. Had the corset been removed six months ago there would have been no problem—now, however, the corporate sector's need to borrow to finance the involuntary accumulation of stocks seems to be falling off, although the retail sector is still a lively customer.

Although banks are generally reporting a substantial drop in demand for new credit, some of their established customers—notably the local authorities, whose demands appear to be unquenchable — are keeping things going at the moment. Some of this lending may reflect the return of local authority borrowers to the banks in anticipation of the end of the corset restrictions; some may result from the measures recently introduced to curb local authority equipment leasing.

The overall result of a coincidence between generally lower credit demand and the end of the corset ought to be a decided increase in competition, with some of the accepting houses, perhaps, finding life more difficult as the clearers become able to bid for business more aggressively. Already the clearing banks themselves are finding that the quality of their loan portfolios is tending to worsen as their stronger industrial customers manage to eliminate the need for excess borrowing more quickly than the weaker ones.

On top of this, the Bank of England's new liquidity guidelines, which have come at a time when the banking system in general is rather concerned at the weakness of its reserve asset position, argue against an unduly aggressive approach. For this reason alone the return to a more competitive environment in British banking may be delayed.

Daiei

For both borrower and investor the attractions of the placing by Daiei, the Japanese retail giant, of sterling denominated convertible bonds in the London market depends upon the yen strengthening against sterling. The investor is relying upon a combination of this strength and a firm Tokyo stock market to compensate him for the relatively low yield of 8¼ per cent he is getting on the fixed interest sterling bond. The borrower has forsaken the lower coupons of the Swiss franc convertible market (6 per cent) in search of a broader spread of currency exposure—some Japanese companies have burned their fingers of late because of earlier borrowing of those beguilingly cheap Swiss francs.

Daiei has good reason to believe sterling will fall against the yen: it is trying to sell Marks and Spencer clothes in the Japanese market. Those British institutions which share its sense of unreality about the current exchange rate must decide first whether to buy into Daiei—the biggest but not the best Japanese store group—and then whether to buy shares yielding 1.9 per cent or to pay a price premium of 10 per cent to get 6¼ per cent more yield by choosing the new convertible.

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